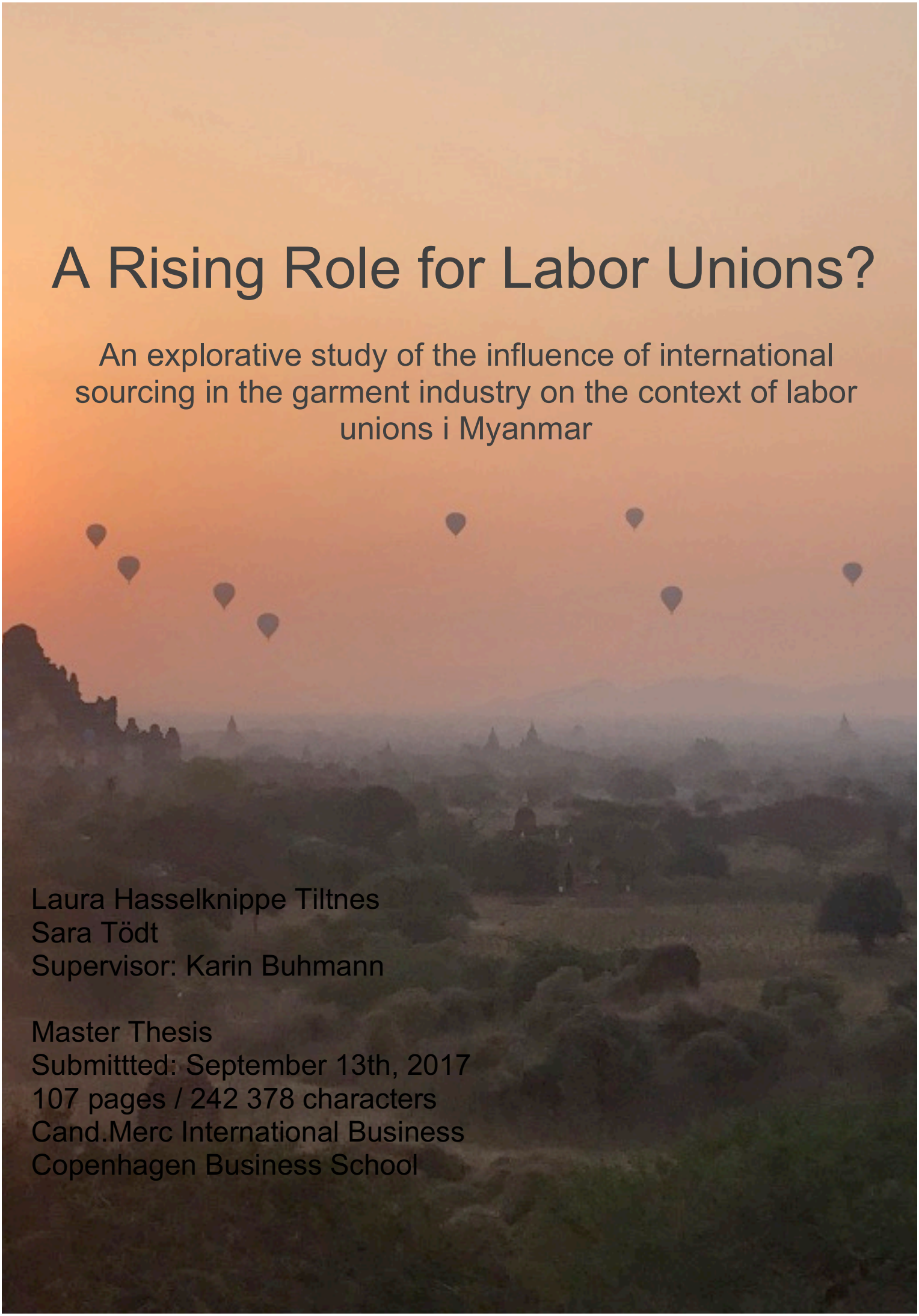
A Rising Role for Labor Unions?

An explorative study of the influence of international sourcing in the garment industry on the context of labor unions i Myanmar



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Abstract

The recent democratization and subsequent removal of EU and US sanctions on Myanmar, has entailed increased exports from the garment industry and a reintroduction of labor unions as stakeholders in labor rights issues. This thesis provides an analysis and exploration of how increased international sourcing in the garment industry influences labor unions ability to operate in Myanmar. Methods of analyses comprise a vertical and horizontal governance analysis of the context of Myanmar and the garment industry, and an economic and social upgrading evaluation of the influence of international sourcing. The Protect, Respect and Remedy framework is applied for analysis of responsibility assignation for labor rights between stakeholders in Myanmar. The analysis is based on qualitative interviews conducted during a field trip to Myanmar, interviewing experts, researchers and consultants in labor rights and labor union issues.

The findings show Myanmar's history of military dictatorship, and its structural remnants in the legal system and infrastructure, to be a prominent factor in shaping the context that labor unions operate in. The context of Myanmar is further found to be defined by a lacking habit of social dialogue. This in addition to a knowledge and a capability gap among both private, public and social actors, hinders the development of a functional system of tripartism. Moreover, the specific characteristics and structure of garment industry is found to be a governing factor in how international sourcing influences the context of Myanmar. The research also reveals that international sourcing increases the complexities of assigning responsibility for labor rights in Myanmar.

The research draws attention to the risk of simplifying analyses of labor rights, detaching them from the historical and social circumstances in which they are to be operationalized. The thesis concludes that the role of labor unions is defined by the context they operate in, and that in the context of a developing country such as Myanmar, labor unions have a potential role in bridging the gap of responsibility for labor rights.

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Abbreviations

ALR - Action Labor Rights

CBA - Collective Bargaining Agreement

CMP - Cut-make-pack

FDI - Foreign Direct Investment

GPN - Global Production Network

GVC - Global Value Chain

HO - Heckscher-Ohlin model

ILO - International Labor Organization

ITUC - International Trade Union Confederation

MFA - Multi Fiber Arrangement

MGMA - Myanmar Garment Manufacturers Association

MSC - Myanmar Solidarity Centre

NIC - Newly Industrialized Country

OECD - Organization for Economic Co-operation and Development

PRR - Protect, Respect, Remedy

SOMO - Centre for Research on Multinational Corporations

UDHR - Universal Declaration of Human Rights

UN - United Nations

UNGP - UN Guiding Principles on Business and Human Rights

WCC - Workplace Coordinating Committee

WRC - Workers' Rights Consortium

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Introduction

1. Introduction

Since the collapse of the Rana Plaza garment factory in Bangladesh, issues of the complex interface of global business and local labor conditions have gained increased attention in both media and academic circles. It also directed attention to the garment industry, sometimes claimed to be a route out of poverty for developing countries, and the adverse impacts of fast fashion and its search for low prices (WRC, 2013). International garment brands are often criticized in the media for not doing enough to ensure good working conditions and living wages for the workers that produce their clothes. However, the industry involves a myriad of actors operating in complex structures of suppliers and sub-suppliers, dispersed geographically with production in developing countries, making transparency and assigning accountability for issues of labor rights and conditions difficult and complex (Hurley & Miller, 2005).

Following the country's political transition to democracy and the subsequent removal of US and EU sanctions, Myanmar is one of the most recent markets gaining increased attention as a destination for international sourcing in the garment industry. Following isolation from two of the world's largest economies for almost a decade, Myanmar represents a new market for international Western garment brands to source from. This has spurred expectations of Myanmar having an opportunity to start on a clean slate, hoping to avoid following the footsteps of countries like Bangladesh (SOMO, 2017; Oxfam, 2015). The ambition of this thesis is to provide a balanced picture of how the global garment industry influences the local context in Myanmar in terms of labor rights.

In order to account for how the local context frames interactions between international sourcing and labor rights, this study has been conducted in Myanmar. During our field trip, it became obvious that labor rights for garment workers are essentially their human rights. A garment worker in Myanmar works six days a week, often more than ten hours a day, all year around, with the typical working day consisting of one break in which hundreds of workers' que up to use the same toilet facilities (SOMO, 2017). For them, the notion of labor standards concerns much more than negotiating a sixth week of paid holiday. The freedom to join and form labor unions is a key part of human rights, and is a freedom that has been

well institutionalized in the western world during the last decades. This freedom, somewhat taken for granted in western developed societies, represents workers' ability to negotiate and to voice their own rights. Myanmar's shift to democracy meant a reintroduction of labor unions, which under the military dictatorship had been banned from the country and union leaders were sent into exile. Thus, labor unions represent an opportunity, potentially the only opportunity, for workers in Myanmar to improve the conditions of their daily lives.

The democratization of Myanmar has raised people's expectations of a brighter future. A future where participation in global production networks will create jobs and economic growth, and one where the government will provide social security. At the same time, the Myanmar government are faced with challenges of persecutions of minority groups and pressures from the international society to rid themselves of all political remnants of the military dictatorship. The question of what role labor unions can have in this new context of Myanmar, and how they in turn are affected by these changes, is a relevant issue in a world of increased global competition.

1.1 Research question

The overall aim of the thesis is to create an understanding of how increased participation in global production networks influences labor unions' ability to advocate improvements in workers' rights and entitlements. Based on first hand data collected on a field trip to Myanmar, the thesis takes an explorative approach to how international sourcing in the garment industry influences the context in which labor unions in Myanmar operate. It departs from labor unions as a means for workers to voice their rights, focusing on how participation in global garment production impacts labor unions' role in Myanmar. Myanmar's entry into the global market and the reintroduction of labor unions as stakeholders constitute an interesting case for researching the relationship between increased international sourcing and labor unions.

Whereas several studies have examined the implications of the sanctions imposed by the US and the EU (Kudo, 2005; Kudo & Mieno, 2007; Seekins, 2006; Steinberg, 2009), little research

has been done on how the lifting of the sanctions has affected the market context in Myanmar. Thus, the purpose of this study is to enhance the understanding of the interaction between increased international sourcing and labor unions. Specifically, the study investigates the context in which labor unions operate in the garment industry, and how this is affected by increased international presence. On the basis of the above, this study seeks to answer the following question, which can be further divided into two parts:

How does participation in global production networks in the garment industry influence the context in which labor unions in Myanmar operate?

- What constitutes the context in which labor unions operate in the Myanmar garment industry?
- How does increased international sourcing influence the role of labor unions in Myanmar?

The term context is central to our research, and is used throughout this thesis to reference the location-specific factors that frame, limit and condition the behaviour of the different actors in Myanmar. Context is defined as “the situation within which something exists or happens, and that can help explain it” (Cambridge Dictionary, n.d). The case of the Myanmar garment industry constitutes the situation within which the research question is investigated. Hence, when we use the word context we reference to all relevant location-specific factors that help explain how increased international sourcing affects labor unions.

Influence on the other hand relates to the way in which the context is impacted by the changing nature of the global garment industry. Influence is defined as “the capacity to have an effect on the character, development, or behavior of someone or something, or the effect itself” (Oxford Dictionary, n.d). As such, the analytical scope of the word influence is not limited to direct impact on labor unions, but incorporates the influence of increased sourcing on all relevant location-specific factors.

1.2 Background

The aim of this section is to provide background information to create an understanding for the motivations of studying the chosen research question. The section also serves to provide foundational knowledge for the preceding sections. It presents information on labor rights and what they are, as well as the structure and development of the global garment industry. Furthermore, it briefly presents Myanmar's history of political liberalization and entrance into the global market. The current situation in Myanmar will be further described in detail in chapter 5.

1.2.1 Labor rights

A fundamental aspect of business today is workers´ right to employment and the right to decent working conditions. The dynamics of globalization and the continuous restructuring of industries present challenges for the global labor market, and demonstrate a necessity to protect all who are dependent on employment (Betten, 1993). The following section will briefly introduce labor rights with emphasis on the rights to freedom of association and collective bargaining.

The International Labor Organization (ILO, 2014) has defined labor standards as "legal instruments setting out basic principles and rights at work" that are either established as legally binding conventions or recommendations which serve as guidelines for how to apply the conventions. The ILO Conventions are legally binding to ratifying countries (ILO, 2014). Labor issues are also addressed in the Universal Declaration of Human Rights (UDHR) (1948), article 23 and 24, and in the "Declaration of the International Labor Organization on Fundamental Principles and Rights at Work" (1998), the first cross-border guideline in human rights protection for corporations.

In the Declaration, ILO member states universally agree to respect, promote and realize four core labor standards (ILO, 2014; Moran, 2002):

1. The abolition of forced labor
2. The abolition of child labor
3. The elimination of discrimination in employment; and
4. Freedom of association and the right to collective bargaining

Although these core rights are incorporated into the Conventions, the Declaration applies the principles to all ILO member states, regardless of whether they have ratified the specific conventions previously (ILO 2014; Elliot & Freeman, 2003:93). This allows the labor standards to function as a framework with the purpose of benchmarking and comparing across different countries. All ILO member countries are obliged to comply with the four core standards, and data and evidence are routinely collected from all countries to monitor development (Frey, 2012).

However, despite the universality and general application of the standards, the framework also faces criticism. Mainly, the core labor standards depart from the original demand of the UDHR, stating that all human rights are indivisible. In defining four core rights, the ILO privileges these rights over the other conventions, hence overruling their primary demand of indivisibility (Alston, 2005). Another critique of the framework is the absence of legally binding policies to ensure compliance. The four core standards merely call for member states to respect them, thus disconnecting the standards from the ILO convention of rights and obligations (Frey, 2012; Alston, 2005).

1.2.2 Freedom of Association and Collective Bargaining

The “Freedom of Association and Protection of the Right to Organize Convention” (No. 87) of 1948 presents the right for workers and employers to establish and join organizations of their own choosing, and as a counterpart to this came the “Right to Organize and Collective Bargaining Convention” (No. 98) in 1949, stating the rights they have to protection against discrimination for forming and joining such organizations, such as dismissal or any other prejudice (ILO, 2017). By including freedom of association and collective bargaining in the four core rights, the ILO recognizes labor organizations as fundamental pillars of labor rights (Alston, 2005).

´Organizations´ as mentioned in Convention No. 87 and Convention No. 98 will for the remainder of this thesis be referred to as ´unions´, or ´labor unions´. Booth (1995) defines labor unions as entities intended to represent the collective interest of workers in contracting agreements between workers and employers, in terms of workers’ rights and employment relations.

1.2.3 The global garment industry

The global garment industry holds a dominant role in the world economy. Above all in trade between developed and developing countries, garments form a large percentage of global exports (BIF, 2016). In 2014, the global garment industry was worth over 1.2 trillion USD. The same year, it employed between 60 and 75 million people on a global basis (Stoltz & Kane, 2015) up from 20 million in 2000, illustrating the rapid growth of the industry. Along with this expansion, the industry has experienced an increase in attention and following incidents such as the 2013 Rana Plaza incident—a factory collapse in Bangladesh that killed 1.333 garment workers—the industry has been under constant scrutiny.

Development of the industry

The past few decades have witnessed a significant change in the concentration of the garment industry (Stoltz & Kane, 2015). The industry is to a large degree a low-cost, labor-intensive industry, driven by the pressures of fast fashion. It is one of high labor intensity as it mainly entails manual production processes, hence many low wage, developing countries dominate the segments of production in the industry. However, as these countries become richer and wages rise, the comparative advantages of production deteriorate, and the industry shifts towards countries with lower labor costs (Stoltz & Kane, 2015). Thus, the industry is characterized as being driven by a search for low wages, following the lowest costs of production. Illustratively, in 2014, China was the leading exporter of garments worldwide with a market share of about 38%. However, this success was accompanied by an upsurge in the cost of labor, land and regulations, pushing production costs up and driving the industry to the poorer developing countries of Southeast Asia and Africa (ANZ, 2012).

For many of these developing countries and emerging economies, the textile and garment industry plays a key role. It is an industry that can potentially introduce developing countries to the global economy and open them up to foreign investment. As the industry is highly labor intensive, it holds the potential to empower workers in developing countries through employment, upgrading of existing jobs, wage hikes and improved working conditions (Martin, 2013). Since the export-oriented garment industry provides employment opportunities for unskilled and female workers, the industry may potentially reduce poverty in low-income countries (Yamagata, 2009; Fukunishi & Yamagata, 2013). Employment in the

garment industry may provide better income opportunities for those with low education, and particularly for female workers. However, competition between countries based on their ability to provide the lowest wages raises concerns regarding the conditions under which people are working, and since the phase-out of the Multi Fiber Agreement (MFA) in 2005, competition has intensified (Fukunishi & Yamagata, 2013).

Research from Workers Rights Consortium (WRC, 2013) finds that the route out of poverty that the garment industry is claimed to provide, does not necessarily represent the reality of its workers. Wages for garment workers in most of the leading garment-exporting nations are still far below what has been termed living wages, and in many of these countries, the purchasing power of these subsistence wages are decreasing (WRC, 2013). In contrast, others argue that employment in the garment sector, despite the low wages and poor conditions benefit unskilled and low-skilled workers because they offer a better situation than what is found in the informal sector.

1.2.4 Myanmar

Myanmar is one of the more recent additions to the list of countries producing for the global garment market. It is a country strategically located in the South-East Asian hub of garment manufacturers, and is rich in natural resources such as oil, gas, gems, metals and minerals. Despite this, the country retains the position as one of the poorest and, until recently, most undemocratic countries in Asia (Steinberg, 2009; Steinberg, 2013).

A shift from dictatorship to democracy

Myanmar bears a long history of internal conflicts and division, which in many ways still characterizes the country today (Smith, 1999). The country was under British rule for over 60 years until its independence in 1948. A little more than a decade later, in 1962, the military junta took control over the country and ruled it as a single-party socialist system for almost 50 years (BBC, 2016). This resulted in political and economic isolation of the country, putting to a halt domestic development (Arendhorst, 2009). In addition to foreign isolation, the military regime imposed great poverty on the country, turning one of Asia´s most resource-rich and promising countries into one of the world's poorest nations (Steinberg, 2013). In response to the military coup and the violent suppression of pro-democracy demonstrations,

the EU and the US imposed broad sanctions against Myanmar. These included, among others, a ban on all imports from Myanmar, a ban on export of financial services to Myanmar, and visa restrictions on Burmese officials and anyone connected to them. The sanctions were imposed gradually, starting in the early 1990's, with the aim of isolating the military junta from the rest of the world (U.S Department of Treasury, 2016; Martin, 2013).

Historical Overview	
Myanmar under British occupation	1886
Myanmar becomes independent	1948
Military junta take power	1962
US impose trade sanctions on Myanmar	1990 and onwards
EU impose trade sanctions on Myanmar	1996 and onwards
Opposition party NLD win elections	2015
US and EU lift **all** sanctions	2016

Figure 1 History of Myanmar. Source BBC, 2016; Kudo, 2005.

The impacts of the sanctions did not, however, primarily hit where they were supposed to, and the impacts of the military junta's governance did not only affect external relations. Rather than merely isolating the military junta from the global society, the local population, especially the working population, was largely affected. As will be further elaborated on in the case introduction chapter of this thesis, the garment industry was one of the industries in which the implications of the sanctions hit the hardest.

Things took a turn in 2011, when the military junta began ceding power to civilian rule, and Myanmar has since then taken steady steps towards political liberalization. In accordance with this gradual process towards democracy, the US and EU started easing its sanctions, and in 2016, after the 2015 elections won by the opposition party National League for Democracy (NLD) led by Aung San Suu Kuyi, all sanctions were lifted. This process has

marked the beginning of Myanmar´s introduction to global trade, and has promoted a reconstruction of the country (Oxfam, 2015).

A potential new market

Myanmar constitutes a unique case of a country which is transforming rather swiftly from economic isolation to partnership in global production an access to new markets. This specific, and rather unique, context of Myanmar as a country in isolation for a decade before a swift shift to complete global production, entails an instantaneous opening of an entirely new market. This is an interesting case to examine the effect of increased international sourcing both on the context of the garment industry and on the labor unions and working conditions. Additionally, the Myanmar case provides an opportunity to observe the change taking place amongst public, private and social stakeholders as the country is affected by globalization. Myanmar presents an interesting case for analyzing labor unions and their capcity to advocate workers' rights.

1.3 Delimitations

While the aim of this thesis is to provide a nuanced and holistic understanding of how increased participation in global production networks impact the context in which labor unions operate in the Myanmar garment industry, it does not include all factors and stakeholders involved in processes of globalization and labor rights improvements. As such, the following section will outline the delimitations of this study.

Firstly, this study is limited to the extent that in discussions of globalization and participation in global production networks, it solely refers to international sourcing from Myanmar's garment industry in terms of exports, thereby disregarding other forms of trade and foreign direct investments. As such, the terms globalization and international sourcing will be used interchangeably during the analysis and discussion of this thesis.

In its attempt to create an understanding of how increased international sourcing influences the ability to advocate improvements in worker's rights and entitlements, this study explores three main actors, namely international brands, the Myanmar government and labor unions,

representing private, public and social actors, respectively. In mentions of international brands, this thesis refers to western international brands and retailers. With the initial focus of this study being on the lifting of the US and EU sanctions on Myanmar, the study is mainly concerned with American and European firms, actively sourcing from the Myanmar garment industry. This was emphasized during our interviews, hence in mentions of international brands, their western origin is implied. The expression Myanmar government is used as a general term in referring to the role of the state, and this thesis does not go into specifics with, nor does it differentiate between, different parts of the government, as this is outside the scope of this study. In discussions of labor unions, this thesis delimits the role of labor unions to change agents, a factor to voice and improve worker's rights. In this, the study excludes the role of labor unions as a political phenomenon. Other actors, such as civil society actors, have been disregarded from the scope of this study. However, this does not imply that we disregard such actors as relevant stakeholders in supporting the state, business and labor unions in a process of improving workers' rights.

Lastly, as the research question entails, this study aims to enhance an understanding, and provide an overview, of the complexities associated with the relationship between the context in which labor unions operate, and participation in global production networks. As such, this study does not intend to provide recommendations for improvements, nor to allocate distinct tasks or responsibilities to the actors included in the study.

1.4 Thesis structure

This thesis comprises eight chapters, each chapter with an individual purpose of enhancing the reader's understanding of the research question at hand. The study departs from an introduction of relevant theories, literature and key concepts in chapter 2, meaningful for understanding the succeeding chapters of this paper. Following the literature review, chapter 3 clarifies and justifies the methodological choices undertaken in the research approach and design, underpinning this study. The chapter concludes with our chosen analytical framework of theories of GVC, GPN and social upgrading, and the PRR framework, functioning as the foundation for our analysis. Chapter 4 introduces the reader to the case of

Myanmar's garment industry, with an objective to function as a foundation the subsequent presentation of empirical findings and analysis.

The analysis presented in chapter 5 is divided into two parts, guided by the sub questions of our research question. The first part describes the complexities of the location specific factors and actor interactions that constitute the context of Myanmar in which labor unions and businesses operate. The second part analyzes how this context is influenced by increased international sourcing, hence providing an answer to the research question presented in the introduction chapter of this thesis.

Also chapter 6 is two-fold. The first part of the chapter critically discusses some of our main findings in relation to existing literature, debating the role of labor unions in improving labor rights. Following this discussion, the chapter presents considerations of the chosen methodological approach in relation to what implications this had for our findings and analysis. Our conclusion is presented in chapter 7, followed by a short chapter comprising limitations of this study, and a proposal for how this thesis can function as a foundation for future research in chapter 8.

Literature Review & Theoretical Framework

2. Literature Review & Theoretical Framework

The following chapter presents and debates theories, concepts and literature relevant for the understanding of the analytical background of this study. The aim is to provide an overview of relevant theories and empirical evidence, which sufficiently frames the key concepts of our research question; international sourcing, global production in the garment industry and labor unions. These existing concepts and theories will function as a foundation for formulating our analytical framework. The chapter departs from a presentation of the overarching issue of globalization and the increasing reach and impact of business, followed by an introduction of the business and human rights discourse. We then proceed to examine the development of international labor law and the development and role of labor unions. Conclusively, the chapter presents theories and research connected to the concepts of Global Value Chains (GVC) and Global Production Networks (GPN), and the influences of international business through the concept of social upgrading.

2.1 Globalization

Globalization and its impact on labor rights is by now a frequently researched topic for economists, sociologists and politics scholars alike. But although research on the effect of differing aspects of globalization is plentiful, there is to a wide extent still a lack of consensus in generalizing whether globalization positively or negatively impacts worker's rights. This may be due to the broadness of the term globalization, which can be defined and measured in multiple ways. Furthermore, the nature of labor rights may also complicate a simplification of the relationship, as they may be difficult to measure or observe in reliable ways. The following section accounts for the definition of globalization, as well as theoretical perspectives on how international trade and labor interrelate. It also comprises empirical evidence demonstrating the complexity and ambiguity of the direction of such a relationship.

2.1.1 Definition

Globalization is a well-used word in today's society as it encompasses most activities conducted across national borders. Yet, as presented by Peter Dicken (2007), it is also one of

the the most misused and confused words that we have. In his book Global Shift, Dicken (2007:8) claims that globalization "is not a single, unified phenomenon, but a syndrome of processes and activities". As modern people in the globalization era we encounter numerous definitions of the concept, and a range of scholars offer various interpretations of different scales and scopes. The OECD (1993:7) provides a definition of globalization as a "phenomenon by which markets and production in different countries are becoming increasingly interdependent due to the dynamics of trade in goods and services and the flows of capital and technology", hence presenting an economic focus of the concept. Giddens (2000:64) offers a more social perception of the term, defining globalization as the "intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa". Indeed, the term globalization can incorporate economic, cultural, political as well as social dynamics.

This study departs from a holistic perspective of the term. Aninat (2001) defines globalization as the "increasing interaction among and integration of diverse human societies in all important dimensions of their activities – economic, social, political, cultural and religious". This reflects the numerous ways in which globalization has impacted the world as not just an economic arena, but as defined by various degrees of interlinkages and discrepancies in the whole spectrum of societal activities. By influencing investments, technology, policy-making, economic and social relations, globalization has increased interconnectedness and facilitated the extent of global trade (Al-Rodhan & Stoudmann, 2006). Dicken (2007) argues that it is the functional integration of activities scattered across the world that differentiates the current era of globalization from that of internationalization. Although globalization and internationalization may seem like similar concepts, there exists a separation between the two. Globalization is derived from internationalization, as internationalization is focused on the increasing importance of international trade and relations between countries, whereas globalization is viewed as the integration and convergence of these formerly separate economies into one global economy (Daly, 1999). As such international trade can be seen as a key component in driving globalization, but does not comprise the full meaning of the term.

2.1.2 Trade and international sourcing

International trade has historically defined power structures amongst nations. The notion of trade involves nations' exchange of goods and services through exports and imports, and the commercial transactions this entails. International sourcing is a means of using international trade to exploit global efficiencies such as lower cost of labor or cheaper raw materials. According to the classical economic Hecksher-Ohlin (HO) model, international trade allows for countries to specialize in production involving the most abundant production factor. The model states that countries will export goods making use of the production factor in which the country has a competitive advantage, meaning that countries with abundant labor will export labor intensive goods (Krugman, Obstfeld & Melitz, 2015). Through the process of trade, the HO- model states that production factor prices will converge, as increased demand from international trade will increase return on abundant production factors. As such, international trade should according to the HO-model raise the income of low-wage countries with large endowments of labor, both in absolute and relative terms (Brown, Deardorff, & Stern, 2013). Hence, the model indicates that growth is more easily sustained in open economies than in closed ones (Leamer, 1995).

However, there are theories that contrast the classical economic image of international trade as a positive force. The notion of a 'race to the bottom' concerns government deregulation as a mean to attract or retain foreign investment. The race to the bottom is built on the idea of governments removing or relaxing beneficial, societal policies like labor standards, in order to lower costs and attract investments (Davies & Vadlamannati, 2013). As such, the core argument of race to the bottom theory is that under free, global, competition, all else equal, firms will prefer a location with weaker standards and regulations, and lower costs (Olney, 2013). In this sense, globalization and international trade create a competitive dynamic that entails an adverse impact on labor rights and working conditions.

There are evidently theoretical discrepancies of how globalization will affect labor rights and working conditions in countries that participate in international trade. Classic economic theory views trade as an equalizing instrument whilst opposing theories of a race to the bottom perceive global production and trade to increase disparity. This is apparent in empirical evidence from studies investigating the link between international trade and labor

rights, where different measurements of aspects of globalization, international trade and labor rights in different types of settings produce differing results.

Contrary to the notion of deregulation as a means to attract foreign investment, several studies find that foreign investments are generally drawn to stable standards and labor conditions. Brown, Deardorff and Stern (2004) find that investors appear to prefer stable and well-functioning markets where civil liberties are both established and enforced. This is supported by Kucera (2001) who finds no evidence that countries with poorly protected labor rights attract more FDI. Focusing on why transnational companies are attracted to invest in foreign countries, Busse (2003) finds that countries with higher compliance with labor standards receive more FDI per capita than would have otherwise been expected according to their market size and growth. This is coherent with Rodrik's (1996) study of FDI from US multinationals, which concludes that low labor standards hinder, rather than attract, foreign investors.

Further support for the positive relationship between international trade and labor rights is provided by Neumeyer and Soysa (2006), who measure the effect of increased trade openness and FDI penetration on the freedom of association. They find that countries that are more open to trade have fewer rights violations compared to more closed countries. This conclusion is supported by Elliott and Freeman (2003) who, based on a body of studies, perceive the situation of trade expansion as one parallel to an improvement in labor conditions.

Another set of observers instead find support for international competition creating a downwards pressure on labor rights. Olney (2013) finds that the impact of labor standards on foreign investment depends on the motivation of the investment. In his study of US multinational firms investing in OECD countries, FDI motivated by low factor prices is found to be negatively affected by employment protection rules. Drawing on data of labor rights violations in developing nations, Mosley & Uno (2007) analyze the impact of FDI and exports on workers' rights. Whilst FDI is found to have a positive effect on collective labor rights, export, serving as a proxy for subcontracting is however found to have a negative effect on worker's rights. The difference is explained by the differing motivations for engaging in FDI

versus subcontracting, as the main motivation for subcontracting is to exploit low cost. This is supported by Busse (2004), who finds international trade via export to be negatively related to civil rights, which includes fundamental union rights.

Building on the notion of a negative relationship between labor rights and international trade, Stiglitz (2015) argues that the desired effects of trade and globalization as resulting in global growth, have failed due to a lack of international policies effectively ensuring equal and fair distribution of gains. Instead, he argues, policies have resulted in a restructuring of markets in ways that have increased inequality and undermined overall economic performance. Growth has slowed as the economic interests of financial institutions and corporations have advanced at the expense of the rest of the world (Stiglitz, 2002). However, Stiglitz's main message is not that globalization is the overall problem, but rather the way in which it has been managed.

2.2 Responsibility for human rights

In a world where corporations have turnovers the same size as some nations budgets, increasing attention is turned to the what responsibilities businesses have as actors in the global community (Inman, 2016). Businesses contribute as a major source of investments and job creation on a global basis, and hence impact society and human rights. Globalization, and the extended reach and power of multinational corporations has created a gap between the impact of economic forces and international actors, and the capacity of states to manage the consequences of this (OHCHR, 2011). This presents a need for globally acknowledged rules and regulations to protect human rights from potential wrongdoings by corporations taking advantage of this gap. The following section accounts for the relationship between businesses, states and human rights in a global context as presented by the Protect, Respect and Remedy framework and the UN Guiding Principles.

Human rights became universally protected in 1948, through the adoption of the Universal Declaration of Human Rights (UDHR). Although the declaration does not operate as a binding international human rights law, it functions as a statement of principles, containing 30

articles portraying fairness and equality as fundamental rights (Risse-Kappen, Ropp & Sikkink, 1999).

2.2.1 The role of businesses and states

The lack of one singular focal point for governments, businesses and civil society to address the challenges associated with the increasing reach and power of businesses on human rights, is what motivated the creation of the Protect, Respect and Remedy (PRR) framework and the UN Guiding Principles (UNGP) on business and human rights (Ruggie, 2013). Together, the Framework and the Principles offer advice to governments and businesses on how to better prevent and remedy the adverse effects of business on human rights (Fasterling & Demuijnck, 2013). The framework rests on three pillars. The first pillar, protect, comprises the duty of the state to protect against human rights abuses, whereas the second pillar, respect, is directed towards corporation's´ responsibility to respect human rights by "identifying, preventing, mitigating, and accounting for how they address their adverse impact on human rights" (Ruggie, 2013:172). The third pillar, remedy, supports the first and the second pillar by outlining a number of remedial mechanisms in the case that states and corporations fail to respond to human rights concerns. As such, the three pillars complement each other in achieving a sustainable process, and in this, the framework adopts a multi-stakeholder perspective on international norm setting (Ruggie, 2013; DeLange, 2014).

The PPR framework implies different degrees of action demanded by states and businesses respectively. The role of the state to protect indicates an active role in safeguarding and upholding human rights, whereas businesses´ role to respect implies a more passive role to refrain from causing harm, rather than actively doing something to improve a situation. It also implies that there is an existing level of rights in place that businesses should keep themselves from violating. As such, the PRR framework provides definitions of the role of the state and of business in relation to human rights (OHCHR, 2011).

2.2.2 Critiques of the business and human rights discourse

The above highlights the importance of the obligation of the state, who in their duty to protect against human rights abuses, are given the additional responsibility for all corporate activities within their legal territory. Hence, according to the PRR framework, the state will

be in breach of their duty as soon as the appropriate measures to prevent abuses from happening are not taken, or if they fail to punish corporations when such violence does occur (McCroquodale, 2009). However, where nation states are in violation of human rights, or fail their obligation to protect them, the question of corporations' responsibility becomes essential. The risk is that in countries where the government does not uphold their duty to protect, businesses' responsibilities become limited to their own moral commitment (Fasterling & Demuijnck, 2013). According to Ruggie's report to the Secretary General in 2008, this 'governance gap', driven by globalization as large corporations expand to countries with limited capacity to manage their possible adverse impacts on human rights, is a core challenge for the discourse of business and human rights.

Another core tension in the field of businesses and human rights concerns the issue of human rights as natural rights and perfect moral duties, at the same time as businesses responsibility for human rights in the PPR framework is not a legal obligation. Moral duties, as defined by Kant (2013), admit no exception, and are not relative in terms of degrees of compliance, either you fulfill the duty or you don't. As human rights are defined as inherent and universal for all humans (UN General Assembly, 1948), they can be seen as perfect moral duties. Fasterling & Demuijnck (2013) argue that the concept of human rights due diligence, operationalized by the UNGP as "to identify, prevent, mitigate and account for how they address their adverse human rights impacts" (OHCHR, 2011:17), allows room for businesses to interpret human rights as not being perfect moral duties. As human rights due diligence is not a legal obligation, but rather a self-performed risk analysis, they argue that this induces an imperfect interpretation of human rights, allowing for businesses to measure degree of compliance, rather than absolute compliance, with human rights. However, both governments and global initiatives, such as the Global Reporting Initiative, have taken measures to incorporate reporting of businesses human rights impacts in more systemic as well as legal ways (Buhman, 2015).

2.3 Labor unions

In the wake of the Great Depression in the 1930s, the concept of tripartism arose as an alternative social organization of actors (Croucher & Wood, 2015). Tripartism represents the

systematic acceptance of labor unions as fundamental representatives of workers' perspective in the social dialogue (ILO, n.d.). In adopting the Declaration of Philadelphia in 1944, the ILO assigned status of employer organizations and labor unions equal to that of representatives of governments, being the only tripartite UN agency (Simpson, 1994). The tripartite structure constitutes businesses, states and organized labor as social actors in negotiating economic and social policy, and has long been the norm in national social systems in countries such as the Netherlands, Denmark and Belgium (Simpson, 1994). This section accounts for the role of labor unions as stakeholders in advocating workers' rights and entitlements. It presents the role and development of unions in both developed and developing countries, and examines the challenges of globalization on the future of labor unions. The section further presents empirical evidence and theories of effect of unions on different parameters such as wages.

2.3.1 Development of labor unions

Labor unions have its historic origin in industrializing Europe, emerging from an urgent requirement from a mass of factory workers of improved wages and working conditions (Lodge, 1959). Notably, labor unions in differing forms had existed prior to the period of industrialization, but had not yet managed to become widely and permanently adapted. The evolution of production during the period of industrialization meant that workers who had previously worked in close proximity with their employer, now became increasingly distant from each other due to mass production technology (Jackson, 1988). As such, the emergence of widespread collective organization among workers in Europe can be seen as a response to the perceived gap between employees and employers, representing a functionalist view of unions (Deakin, 2005; Rubin, 2000).

The notion of labor union development being associated with industrialization, also concerns the view that labor unions are essentially a reaction to the development of capitalism, being a system of division between those who own means of production and those who don't (Jackson, 1988). For this reason, labor unions have traditionally been associated with the notion of a working class and the political agenda of socialism (Harrod & O'Brien, 2002). The functionalist and capitalism view of motivations for union formation is challenged by the development of unions in socialist societies, and formations of unions during periods not

defined by industrialization (Jackson, 1988). The development of labor unions in other political settings has mainly been accounted for as products of socialist states creating national labor unions as means for structuring and controlling workers. Furthermore, the actions and attitudes of the government in relation to employment security and enforcement of labor legislation determine the ability of employers to resist unionization, governing the power relationship between firms and unions (Bain & Elsheikh, 1978).

Another view of the motivations for union formation focuses on the importance of the specific economic context that labor unions emerge in. One of the key variables found to stimulate growth and development of unions is economic conditions, where in times of relative high prosperity and economic activity, the risk of workers losing their jobs for joining a labor union is lower (Davis, 1972). In line with the Marxist notion of consciousness, concerning the importance of workers' level of consciousness of their class position and perception of labor unions as a means of representing their interests, labor unions need to be aware of workers attitudes in order to facilitate successful formation (Jackson, 1988). As such the structure and cohesion of the labor force, and workers general perceived need for change is seen as a key factor in facilitating labor union formation.

2.3.2 Labor unions in developing countries

The variety of arguments as to the motivations of historic labor union development displays an issue of formulating a general factor as to what drives the historic development of unions in different countries and contexts. The importance of the specific economic and political context that unions emerge in, become evident in the different roles and motivations of labor unions in different countries. Many countries have not undertaken the same process of industrialization as of those in the west and as such, labor unions have emerged on different grounds, attributing labor unions with different roles and forms (Pencavel, 1995).

China presents an example of how state controlled labor unions can be prescribed a political role in society. In 1978, China experienced a shift in economic policies towards an increased integration into the global economy (Das, Hyunji, Soonwon & Kuruvilla., 2002). This required strategies to ensure an abundant and compliant labor force to attract foreign investment, hence transforming labor into a commodity. A key part of this entailed restraining wage

levels and disciplining labor in a frame of strict labor legislations and highly regulated institutions (Brown & Hutchinson, 2001). Strikes were deemed illegal, and labor arbitration committees and public security personnel were actively used to imprison protesting workers. On the basis of this, state controlled labor unions emerged with the political purpose of constraining and controlling the work force, ensuring a "serviceable" attitude amongst workers towards serving a globalized economy, as opposed to an organization defending workers' rights and interests (Brown & Hutchinson, 2001:55).

The influence of the economic and political context on the roles and motivations of labor unions is also deemed visible in the Latin American labor union movement. With generally suppressive regimes across the continent, labor unions in Latin America historically expressed and supported the broader interests of society rather than narrowing their focus to the conditions of workers, and unions utilized political engagement as an essential tool to protect democracy (Cook, 2004). However, following a period of industrialization that came to Latin America in the early twentieth century, politics increasingly shifted to include workers' rights, driving an emergence of political coalitions of national industrialists and labor unions led by populist politicians. In turn, labor unions in Latin America were controlled by populist political parties. These parties dominated all official labor federations, and workers unionized in such bureaucratic and corrupt unions enjoyed better working conditions such as higher job security and wages, than non-unionized workers (Murillo, 2000).

Later, in the end of the 1980´s, many Latin American countries experienced a new political shift towards neoliberalism, reducing state intervention and opening their economies (Murillo, 2000). This comprised a movement in labor-based parties, as focus shifted towards market efficiency and rationality, and away from unions who were portrayed as seeking to protect their own corrupt assets at the expense of the society at large (Cook, 2004).

2.3.3 Challenges of globalization

Globalization as a force of liberalization and deregulation of capital, and subsequent global dispersion of production in many industries, has entailed multiple challenges for labor unions. Corporations' increased global reach, increased speed of transport and

communications, and global competition for labor costs are providing businesses with increased power as they may strategically move production, and thus jobs, if they find conditions to be unfavorable (Harrod & O'Brien, 2002). As such the global economy can be viewed as a threat for labor unions, and as improving the corporations' bargaining position.

Another challenge for labor unions is the increased informalization of work and employment, entailing an absence of formal contracts and work taking place outside the formal setting of a factory or office (Gallin, 2002). Organizing and engaging these workers provides a difficult task for unions as these laborers are largely unaccounted for in official statistics, and as such hard to identify, and have generally little prior knowledge of unions. Furthermore, globalization and the political agenda of neoliberalism has increased labor market flexibility, and focus on labor productivity relative to costs as competitive advantage of nations (Harrod & O'Brien, 2002). This is argued to incentivize policies, on both national and international level, promoting trade and attracting investment rather than protecting labor rights, undermining the position of labor unions in policy formulation (Verma & Kochan, 2004).

Since the latter half of the 20th century, union membership density around the world has been declining (Verma & Kochan, 2004). The reasons for decline vary by country but the general results converge on a downward trend in union density (Visser, 2006). The decline of union membership, coupled with the challenges of globalization, has stirred a debate about whether labor unions in developed countries have lost their organizational and institutional identity. As decline of union membership reduces the representative power of labor unions in negotiations with businesses that are global in their scale and scope, 'organized labor' is argued to no longer be perceived a credible counterpart to corporations (Verm & Kochan, 2004).

In developed and advanced economies the anti-union debate has been fueled by production and industrial jobs being moved abroad, with arguments of unionization impeding global competitiveness (Lee, 2005; The Economist, 2015). The perception of the role of unions in advanced countries can further be derived from the increased focus on the negative right to freedom of association, which entails the right to refrain from union membership. With the positive right to freedom of association being well established in the majority of advanced

economies, and the significance of unions in a globalized environment being challenged, the negative right has come under scrutiny. The European Court of Human Rights' case of Sørensen vs. Denmark and Rasmussen vs. Denmark (2006), concerns the two applicants being denied employment due to their refusal of union membership, invoking that applicants do not have access to their negative right to freedom of association. The Court in its assessment states that "account must be taken to the changing perception of closed-shop agreement for securing the effective enjoyment of trade-union freedom", displaying the legal implications of the changing perception of the role of labor unions in advanced economies. The Court found that in both Sørensen vs. Denmark and Rasmussen vs. Denmark there had been a violation of the ILO Conventions Article 11, in which the states is obliged to take all necessary and appropriate measures to ensure that workers and employers may freely organize. The ruling displays the legal perception of an ambiguous role of labor unions in advanced economies in a globalized environment.

2.3.4 Impacts of labor unions

Researchers' views on unions are divided and several studies have been directed towards the economic costs of unions, demonstrating that unions introduce allocative inefficiencies into the economy (Booth, 1995; Rees, 1963). Booth (1995) explains that there exists a firm profit that needs to be shared, and that workers must have some amount of bargaining power in order to induce the firm to share some of these profits. On the basis of this, Aidt and Tzannatos (2002) argue that this bargaining power may be passed on as a social cost in that firms may attempt to pass the workers wage demands on to consumers in the form of higher prices, increasing the consumer price index and hence reducing the real wage of all workers. Rees (1963), presents additional evidence that, within the same industry, a union wage increase also has the potential to increase the relative price of labor of unionized sectors, thus relocating labor to the non-unionized sectors, and as a consequence firms may lay off unionized workers.

Labor union advocates on the other hand argue unionization to be related to improvements in efficiency. Such benefits arise from unions being a mean for workers to express complaints and concerns, without a risk of being fired, providing the workers with a voice. This is argued to reduce employee turnover and increase incentives for employers to provide

firm-specific training, further facilitating a long term working relationship that benefits all parties (Aidt & Tzannatos, 2002; Freeman & Medoff, 1984; Freeman, 1980; Faith & Reed, 1987).

A literature survey on labor union impacts conducted by Aidt and Tzannatos (2002), shows that workers, on average, get a wage markup if they are members of a union or have another form of collective agreement regarding their wage conditions. Yet, findings show large differences in the size of the markup. Firstly, Aidt and Tzannatos (2002) present a strong relationship between wage markup and the unionization rate. In industries characterized by a low degree of unionization, either in terms of density or percentage of members, unions generally have little impact on wages. On the contrary, industries in which most firms are unionized will present unions with more bargaining power, hence improve and increase the wage markup (Green 1988; Lewis, 1986). In terms of how labor unions may impact other labor standards, such as fringe benefits, health and safety regulations, and improved working hours, research is much more ambiguous. However, several researchers find empirical evidence of labor unions improving in all aforementioned aspects (Aidt & Tzannatos, 2002; Green et al. ,1985; Standing, 1992; Maskus, Rutherford and Selby, 1995; Trejo ,1993; Booth, 1995; Lewis 1986; Rama, 1998).

2.4 Global production

The emergence of globally dispersed production has altered the approach of theories aiming to analyze firm behavior. These theories aim to explain how production is organized and coordinated in a globalized context, and how this affects upgrading opportunities for firms in the value chain, as well as development of the diverse regions they are located in (Gereffi, Humphrey, & Sturgeon, 2005). Theories of Global Value Chains (GVC) and Global Production Networks (GPN) are frameworks aiming to analyze the global market engagement of firms, and how that may affect other actors (Neilson, Pritchard, & Yeung, 2014). Theories of GVC and GPN depart from the notion of global value chains being defined by a simultaneously high degree of geographical dispersion and high functional integration (Dicken, 2011). The following section provides an overview of the GVC and GPN theories and how they differ

from each other, as well as presenting their appurtenant concepts of horizontal and vertical governance.

2.4.1 Global value chains

Pioneered by Gereffi (1994), global value chain analysis was introduced as a mean to describe the process of export-led development in East Asian countries. Departing from the development of the apparel industry in the first wave of newly industrialized countries (NICs), GVC theory connects participation in global production to increased export for developing countries. Taking a supply chain approach to globalization, theory of GVC addresses how increased fragmentation of production processes are internalized and integrated in global supply chains (Gereffi et al., 2005). The GVC approach is concerned with the vertical relationship between actors in the value chain, where the lead firm coordinates and structures the supply chain (Humphrey & Schmitz, 2000). As such the focus of GVC theory is to analyze the linking together of firms that are dispersed in terms of location, but joint together in terms of commercial activities and production.

Vertical governance

A key feature of GVC analysis is the focus on the lead firm as exercising influence and control over a supply chain´s diverse actors. The lead firm is understood as the actor in the supply chain that organizes and determines the conditions under which the other actors operate, and is the main source of technology and knowledge transfer in the chain (Gereffi, 1999). A seminal distinction was made by Gereffi (1994), identifying two main types of governance in GVCs, as either being buyer-driven or producer-driven. Buyer-driven supply chains are driven by large retailers or international brands, who set up and control decentralized production networks, typically in developing countries. The typical buyer-driven value chain is illustrated below in figure 2. Garments, footwear and other labor-intensive industries are typically structured around this type of hierarchy, centered around the buyer (Gereffi, 1994).

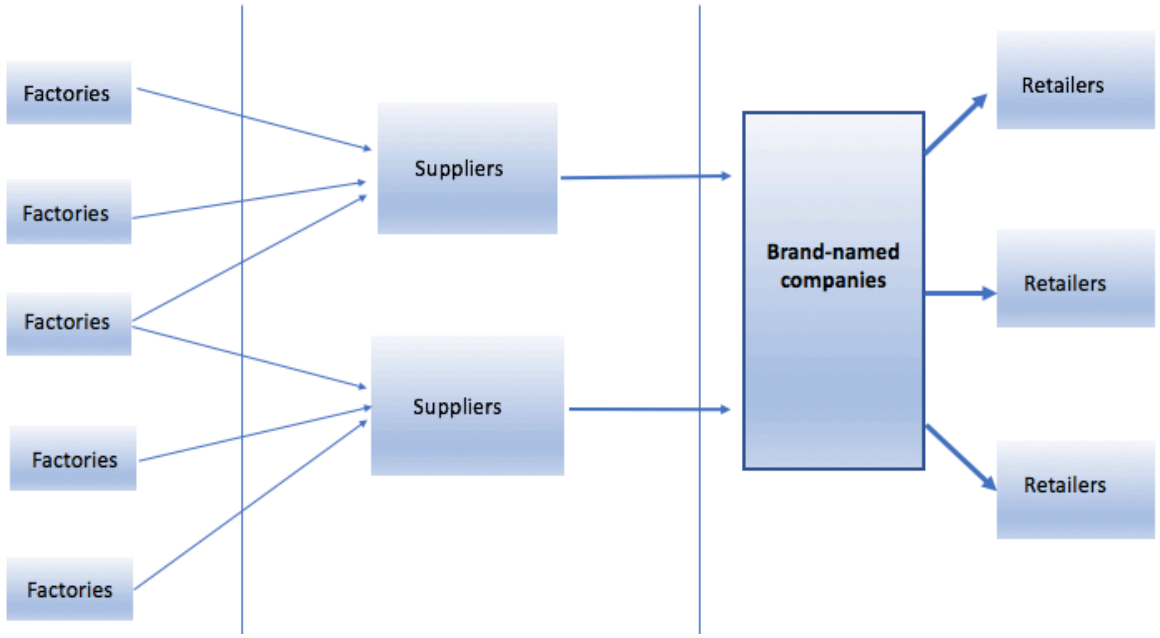

Figure 2 Buyer driven global value chain.

The GVC perspective of the function of the supply chain as organizing fragmented commercial activities, highlights the importance of governance in GVC analysis (Humphrey & Schmitz, 2001). GVC theory is mainly concerned with vertical governance of activities (Coe, Dicken & Hess, 2008). Vertical governance in the GVC approach is defined by Humphrey and Schmitz (2000:20) as "the term to express that some firms in the chain set and/or enforce the parameters under which others in the chain operate". In this sense, vertical governance involves private actors in the supply chain and how they, via their commercial activities, can assert power over other actors. Critical determinants in vertical governance are what and how things should be produced, as this defines suppliers´ position within the supply chain (Humphrey & Schmitz, 2000). Hence, governance in the GVC framework is the process of which lead firms drive inter-firm trade and interaction, shaped by their strategies and decisions (Ponte & Sturgeon, 2013).

2.4.2 Global production networks

With increased spread and diversification of production, the chain metaphor has been criticized for not adequately capturing the scope of global production, and has motivated the extended theory of global production networks (Coe, Dicken, Henderson et al., 2002). GPN

theory concerns the network perspective of global production, extending beyond the chain perspective of the GVC approach, to include a wider perspective of which actors may influence the governance of global supply chains (Ponte & Sturgeon, 2013).

GPN analysis extends to include the socio-political context in which commercial activities take place (Rossi, 2011). Whilst the GVC approach is focused on inter-firm organizational integration and the specific industry setting, the GPN approach draws attention to the implications of the different local contexts in which the network is situated (Henderson et al., 2002). Coe et al. (2008) terms this 'societal embeddedness', describing the reciprocal relationship of GPNs' impacting the local contexts in which they are operating, and the local context conditioning their ability to operate and effectively produce in this context. Actors are seen as simultaneously embedded in local socio-political contexts and in global networks, blurring organizational boundaries and forming structures that are "discontinuously territorial" (Henderson et al., 2002:446). In this way, GPN analyses seek to incorporate how diverse processes and actors affect development trajectories in the local context they are present in (Henderson et al., 2002).

Horizontal governance

In contrast to GVC, GPN governance parameters can be set by actors external to the commercial supply chain (Humphrey & Schmitz, 2001). As such, the GPN approach moves beyond the focus of the lead firm as being the key source of influence on what and how things should be produced in the network (Hess & Yeung, 2006). The view of governance in GPN theory is thus extended to include horizontal and diagonal linkages, which involves both public, private and civil society actors. Departing from analyses of governance in industrial clusters, Gereffi & Lee (2014) provide a framework differentiating between three types of actors affecting global production via both vertical and horizontal governance. Private governance involves the vertical governance by private actors within the value chain, with the aim to maximize economic efficiency. Public governance is driven by governments and supranational organizations, involving different levels of rules and regulations, and aims to impact the way economic activity is conducted. Public governance can be both horizontal and vertical in its character, with vertical governance being exerted on businesses from higher levels of public institutions, and horizontal governance entailing interaction with civil

society groups. Finally, social governance concerns the actions of civil society organizations and social actors such as NGO´s and labor unions, and can be local or global in scope. Social governance aims at influencing the social aspects of GPNs economic activities like working conditions, but also wages and remuneration.

Furthermore, GPNs can be seen as contested networks, where actors may have competing agendas, involving actors in both conflict and cooperation (Henderson et al., 2002). However, these relationships, and the mix of cooperation and conflict, are dynamic (Coe et al., 2008). GPN analysis "facilitates a nuanced articulation of power relationships" (Coe et al., 2008:289), allowing for the concept of power influence in GPNs to include corporations, institutions and workers. Barrientos, Gerreffi & Rossi (2011) unpack the aspect of workers and their position within GPNs by structuring types of work performed, and status for workers. According to their division, suppliers in the garment industry are characterized by low-skilled, labor intensive work. This is, they argue is especially true for irregular workers in the garment industry, and is a response to demands of short lead times, low costs and high flexibility, stemming from further up the supply chain. This is coherent with Gereffi's (1994) distinction between producer-driven and buyer-driven commodity chains, finding that the garment sector to be typically buyer-driven.

Incorporating the whole range of actors that surround and influence global production, and acknowledging the social embeddedness of firms producing for global networks, the GPN approach includes the significance of labor in a wider sense than the GVC framework (Henderson et al., 2002). Barrientos et al. (2011) make a distinction between two perspectives of labor; labor as a productive factor, and labor as socially embedded. The latter moves beyond the GVC view of the workers as merely an input factor in the supply chain, and instead shifts focus to their capabilities and entitlements. Thus, it contrasts the classic economic view of labor as a factor of productivity and wage, a view that has driven the argument of how increased labor standards and labor unions are cost-drivers for producing firms (Brown et al., 2004; Rees, 1963; Van Beers, 1998).

2.5 Development by participation in global production

The emergence of GVC and GPN theory has been appurtenant to the creation of a policy paradigm, revolving around developmental aspects that participation in global production may bring about (Millberg & Winkler, 2011). By moving to higher-value tasks within the supply chain, firms in developing countries can generate growth, both in terms of profit, but also in employment, productivity and technology (Henderson et al., 2002). Theories further connect participation in global production with opportunities to improve workers' rights and entitlements. This perspective of global production has been incorporated in policy formulation, aiming to encourage and leverage developing countries participation in global production (OECD, 2015; World Bank, 2015). The following section provides a background of how the ideas of upgrading opportunities for developing countries in participating in global production has influenced and shaped policy formulation. Furthermore, it presents the concept of economic upgrading as a process of firms within the value chains moving to more advanced production and skill development, as well as social upgrading as a process of improving workers' quality of employment. It also displays empirical evidence of developmental impacts of global production in different countries.

2.5.1 Policy implications

Policy formulation has been influenced by theories of global production providing opportunities for firms in developing countries to upgrade their position within global supply chains, contributing to overall development and economic gains within the country they are situated in. Beyond the legally binding labor conventions, the ILO sets out international policy directions for "fair globalization" in their Decent Work Agenda (ILO, 2016). The Decent Work Agenda is based on the notion of global value chains as development actors put forward by Gereffi (2005), and is part of the UN's Sustainable Development Goals for 2030 adopted in 2015 (UN Commission, 2015). The agenda defines the policy attitude advocated by the ILO; that participation in global production creates opportunities for economic growth and development for developing countries. Hence, the ILO subscribes to an export-lead discourse of development, where trade openness and international sourcing are seen as key aspects in creating jobs and reducing poverty. However, the ILO recognize the challenges of creating decent work in developing countries as possibly being intensified or perpetuated by

global value chains, with commercial pressure creating a downward pressure on wages and working conditions (ILO, 2016).

As such, the Decent Work Agenda addresses the need for transnational policy to bridge the governance gap between local governments and global value chains to harness the positive potential of global production. The dynamic perspective of actors in GVC analysis is primarily on how suppliers in developing countries could upgrade their position in order to earn higher rents, and has been explored in several articles (Gereffi, 1994, 1999; Gereffi et al., 2005; Humphrey & Schmitz, 2002; Kaplinsky, 2000). GPN analysis emphasizes the multiscalarity of value creation and economic upgrading, adding complexity to the linear upgrading perspective of the GVC approach (Hess & Yeung, 2006).

2.5.2 Economic upgrading

Economic upgrading is defined as the process by which firms move from low-value to higher-value activities within the global value chain, which involves organizational learning in order for firms to gain competitiveness (Gereffi, 1999). In GVC theory, the value chain is viewed as linear and vertical, with pressure stemming from the lead firm. Milberg & Winkler (2011) identify two ways for suppliers to respond to this pressure; either taking a 'low road', involving lowering prices, or a 'high' road of raising productivity. Taking the 'high' road entails building competencies within the firm, upgrading the along the value chain.

Humphrey & Schmitz (2002) outline four types of economic upgrading; process upgrading, product upgrading, functional upgrading and inter-sectoral upgrading. Process upgrading refers to improving efficiency in the production process, involving a reorganization of the production system or introducing superior technologies, typically substituting capital for labor. Product upgrading entails a production of more advanced products, demanding more sophisticated skills of workers. Functional upgrading occurs when firms acquire new functions to increase the overall skill level of activities, for example when a garment producer adds, or specializes in, functions of design or brand marketing (Barrientos et al., 2011). The first three types of upgrading are illustrated in figure 3 below. Inter-sectoral upgrading involves shifting the entire chain towards producing more advanced products, or even completely changing industry, finding new ways to utilize existing structures or

applying technical innovations to radically shift the composition of the value chain. Each type of upgrading entails a shift in either the capital or labor dimension of the supplier, where labor is viewed as production factor measured in the parameters of quality and quantity (Barrientos et al., 2011).

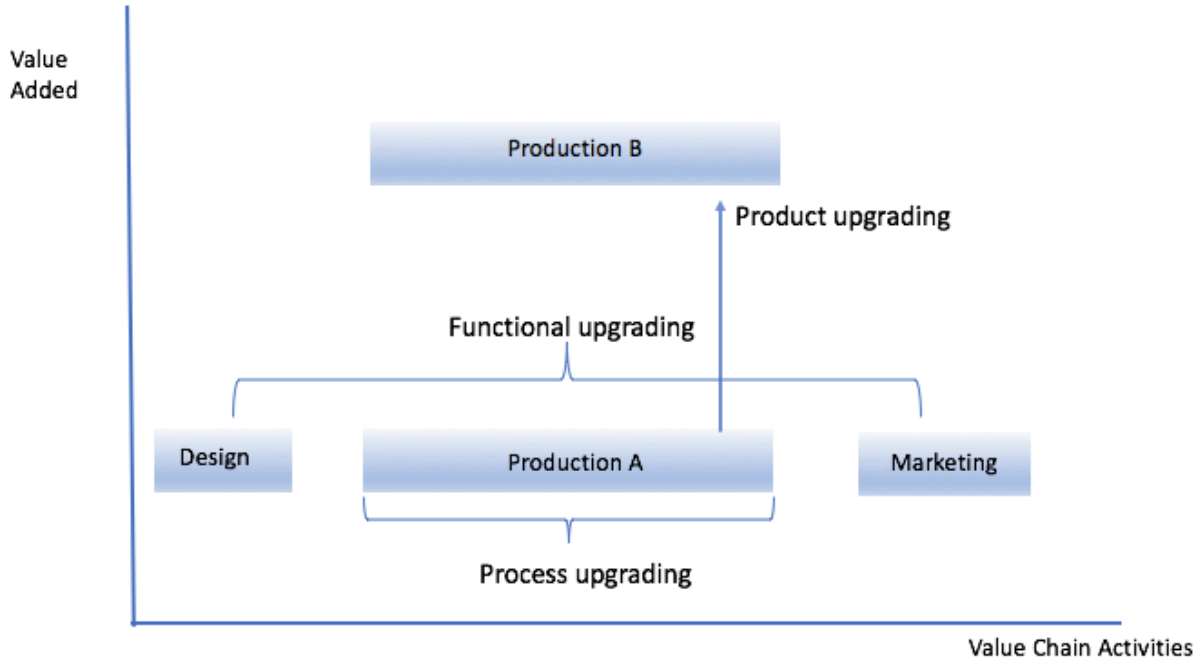

Figure 3 Product, process and functional upgrading.

2.5.3 Social upgrading

Both GVC and GPN theory are based on the commercial aspects that integrate stakeholders in a supply chain. However, the GPN theory extends to involve the more complex socio-political context of global supply chains, which allows for analysis of both commercial dynamics and social embeddedness (Rossi, 2011). The concept of value in the GPN approach includes three types of processes; value creation, value enhancement and value capture, which is the process of how created value benefits the social context in a given location (Henderson et al., 2002). The process of value capture involves linking commercial activities to not just the possibilities of economic upgrading within the value chain, but also to social upgrading of the actors involved in the process, who are also embedded in a wider social context.

With GVC analysis being preoccupied with economic upgrading, GPN scholars have attempted to extend this to examine how such upgrading affects living standards, including wages, working conditions, economic rights, gender equality and economic security (Milberg & Winkler, 2011). Social upgrading can be understood as the portion of the gains from economic upgrading captured by the workers in a given firm, industry, or economy in a global production network (Selwyn, 2013).

Rossi (2011:14) provides a definition of social upgrading as "the process of improvements in the rights and entitlements of workers as social actors by enhancing the quality of their employment." Social upgrading can be categorized into two components; enabling rights and measurable standards (Elliot &Freeman, 2003; Barrientos et al., 2011; Rossi, 2011; Barrientos & Smith, 2007). Measurable standards can be easily observed, measured and quantified, and include aspects of health and safety, type of contract, wage levels and working hours (Rossi, 2011). Enabling rights are on the other hand more difficult to explicitly observe and measure. Rossi (2011) exemplifies this with freedom of association, which can't readily be measured as unionization rate, as freedom to join a union does not entail that workers choose to do so. Enabling rights are often described as process rights, as the ability of workers to claim and demand their rights enables workers to, through bargaining processes, negotiate measurable standards (Barrientos et al., 2011; Drebes, 2014). As such, measurable standards can be seen as affected by the presence and level of enabling rights. Measurable standards and enabling rights are presented below in Figure 4.

Measurable Standards	Wages	Payment of at least the minimum wage to all workforce
	Physical wellbeing	Observed improvements in working environment and health and safety standards (e.g. heat, ventilation, number of accidents, etc.)
		Reduction in systematic excessive overtime
	Employment and income security	Written contracts, reduced incidence of temporary and casual contracts
		Registration to the CNSS of the entire workforce
Enabling Rights	Dignity and empowerment	Improved social climate, i.e. improved communication between management and workers, perception of a good trusting relationship
		Reduction in the incidence of harsh treatment
		Non discrimination against different types of workers
		Improved freedom of association

Figure 4 Measurable standards and enabling rights, adopted from Rossi (2011).

2.5.4 Developmental impacts of global production

Gereffi (1999) describes the success of East Asian garment suppliers in Hong Kong, South Korea and Taiwan as moving from assembly-oriented production to full-package supply, upgrading the scope of their functions. This process, notably not a straightforward one, involved a shift of labor-intensive activities to be relocated to other countries, retaining the more skill-intensive activities locally. Gereffi (1999) finds that a key factor for these suppliers to upgrade is the process of triangle manufacturing, where manufacturers shift some or all of the production ordered by buyers, to factories in lower-wage countries. The case of East Asian NICs upgrading within the garment industry is often used as the prime example of how participation in global production elevates firms in developing countries (Gereffi, 1996; Gereffi, 1994, 2005; Gereffi et al., 2005).

In a study of garment manufacturers in Vietnam and Sri Lanka, Knutsen (2004) argues that the dependency of manufacturers on middlemen reduce their leverage in buyer-driven value chains. Knutsen (2004) also found that GVC linkages eroded local linkages, impeding the

local market to create a sustaining supply base. Focusing on the Indonesian garment industry, Dicken and Hassler (2000) show how Indonesian manufacturers are embedded in GVCs organized by Korean, Taiwanese, US and European buyers, consistent with a buyer-driven value chain, and that this has led to a degree of upgrading in production. Beyond the notion of buyer-driven value chains as determinants of the organization of GVCs, Dicken and Hassler (2000) identify the specificity of the local market structure and geographical origin of foreign buyers as key factors in influencing how GVCs operate in Indonesia. They find that manufacturers are segmented into serving either the domestic or the export market, and that most exporting firms are embedded in GVCs organized by foreign owned firms. As such they question the long-term viability of the Indonesian garment industry being supported by low labor costs, as the exporting part of the industry can easily shift to another location if, or when, labor costs increase, limiting upgrading possibilities.

In terms of opportunities for economic upgrading, ownership has been identified as an important aspect impacting firms in developing countries access to technology and capabilities (Dunning, 2001; Cantwell & Narula, 2001; Narula, 2010). Empirical evidence from the garment industry in Myanmar show that foreign firms enjoyed both higher technical capabilities and export intensity compared to national firms (Rasiah & Myint, 2013). However, Rasiah and Myint argue that there is potential for spillover effects to national firms if the Myanmar government strengthens institutions and market supporting structures, and prescribes giving support to national firms in order for them to participate in exporting.

Previous literature has tended to assume that economic upgrading will induce social upgrading (Henderson et al., 2002; Humphrey & Schmitz, 2000; ILO, 1999). A case study of the garment industry in Morocco finds that the tension between buyers commercial and social embeddedness, is a key factor in influencing the possibilities for social upgrading, but also downgrading (Barrientos et al., 2011). The tension is, because of the structure of GPNs, passed down through the supply chain to supplier level, who are the ones who ultimately have to mitigate the dual pressures of low costs and high flexibility, while at the same time being socially compliant to a diverse range of stakeholders. This is in line with other empirical evidence (Brown, 2007; Locke, Kochan, Romis, & Qin, 2007), showing that

economic upgrading does not automatically translate to an upgrading in wages, conditions, rights, gender equality and economic security for workers.

Pergler and Knorringa (2006) develop arguments for how economic upgrading within a supply chain, as a rule, does not lead to improvements in labor conditions. In their overview of theoretical arguments and empirical evidence they find that whilst some workers may benefit from economic upgrading, the overall trend is increased insecurity of employment and downwards pressure on wages. They argue that processes that influence firm upgrading within a GPN and those that influence labor improvements are weakly connected and should not be seen as naturally coherent. Furthermore, Pergler and Knorringa (2006) argue that improvements in labor conditions are more likely under conditions that are less likely to apply to workers in suppliers in developing countries participating in GPNs.

Empirical evidence from Myanmar's garment industry shows a positive relationship between exports and working conditions, firm size and management practice, indicating a potential process of social upgrading (Tanaka, 2015). The positive effect is found to be larger with foreign owned firms, as exporting may bring up the level of working conditions in Myanmar to the standards prevalent in the home nations of the foreign owners. In this sense, participation in GPNs in Myanmar, is found to increase measurable rights of working conditions and productivity. The study does not expand to include enabling rights, as although including the aspect of collective bargaining in the measurement of working conditions, the effect is measured as presence of worker's leader in the factory and not tied to existence of labor unions or the ability of workers to communicate with management.

2.6 Research gap

There is an obvious risk when researching issues related to globalization and human rights, as almost anything can be deemed relevant as providing theoretical background. Hence considerations must be taken to keep focus on the research question at hand. However, the broadness of the terms, and as such their related topics, also provides grounds for expanding and focusing the research field into less explored dimensions of globalization and

human rights. We identified the role of labor unions in global business to be such an unexplored dimension.

Previous research on labor unions in a business context has tended to focus on the costs of labor union participation for firms (Aidt &Tzannatos, 2002; Booth, 1995; Rees, 1963), or the benefits of increased efficiency (Aidt & Tzannatos, 2002; Freeman & Medoff, 1984; Freeman, 1980; Faith & Reed, 1987). The research that has focused on labor union implications for workers has mainly been based on measurable standards such as wages, health and safety, and working hours (Green, Hadjimatheou and Smail ,1985; Standing, 1992; Maskus, Rutherford and Selby, 1995; Trejo ,1993; Booth, 1995; Lewis 1986; Rama, 1998).

Whilst the relationship between global business and labor rights in developing countries has been subject to research (Brown et al., 2004; Mosley & Uno, 2007; Olney, 2013; Neumeyer & Soysa, 2006), the majority of research conducted on labor unions in a business context is based on developed countries (Lewis, 1986; Booth, 1995; Keefe, 1992). There are some studies on developing economies that attempt to find relations between labor unions and economic outcomes (Rios-Avila, 2014; Fairris, 2003; Fairris, 2005; Cassoni, Labadie & Fachola, 2002). However, due to limited data and low unionization rates, there exists relatively little research conducted on the implications of labor unions on economic outcomes in developing countries (Freeman, 2010).

For both developed and developing countries, there is a scarcity of qualitative research on the inference between globalization and labor unions. This is somewhat surprising considering that freedom of association is a key element of enabling rights of which measurable standards can be seen as an outcome (Barrientos et al., 2011; Drebes, 2014; Rossi, 2011). Also the fact that having freedom of association does not entail utilizing such freedom, implies an appropriateness of qualitative research on this issue. Within the concept of social upgrading in global production networks, Rossi (2011) and Barreintos et al. (2011) provide qualitative data which includes unions as part of the enabling rights metric, giving some insights into the perception on unions of managers and workers in the Moroccan garment industry. However, the research is not specifically focused on the role of labor unions, and they are analytically subordinated as support agents for inducing balanced

relationship between employers and employees. Thus, we perceive a need for research that incorporates labor unions as change agents for labor rights in a context of global production in developing countries.

As such, we identify a research gap in qualitative research on how the role of labor unions as representing and advocating workers' rights is affected by the forces of globalization. There has been a lack of research on the role of labor unions in promoting respect for, and improvements in, labor rights in relation to forces of global production networks. To our knowledge there is no previous research on how international sourcing influences labor unions in Myanmar.

Methodology

3. Methodology

This chapter comprises a description of the research process of this thesis, and the motivations of the methodological decisions taken. The aim of this section is to provide insight into how the research has been conducted in order to create an understanding for how the research will achieve knowledge. The chapter commences with the choice of philosophical stance as a point of departure for the remaining of the chapter, before providing a description of the decided upon research approach and research design. The chapter then provides a detailed description of the procedure of data collection during the field trip to Myanmar, before presenting a section on critical reflections and a delimitation.

3.1 Philosophy of science

Since this overall aim of this study is to enhance the understanding of the specific context in Myanmar, we approach the research question from a social constructivist perspective. We do this in order to grasp the subjective meaning of social actions, acknowledging that individuals and institutions always exist within a socio-cultural and socio-economic context (Callon, 1998). The social constructivist philosophy has guided the research question as being concerned with the context in which labor unions are situated, aiming to account for complexities of the situation rather than to simplify to a general model. The research question is derived from the relational view of global production networks as being “shaped by and, in turn shaping, the geographically differentiated social, political and cultural circumstances in which they exist”, placing importance on the specific local context (Coe et al., 2008). Social constructivism views social phenomena as inherently embedded in, and a product of, a myriad of social contexts, lending support for studying the interaction between labor unions and international sourcing within the specific context of Myanmar (Saunders, Lewis & Thornhill, 2016). This means that findings of this study cannot be seen as separated from the socio-economical and socio-cultural context of Myanmar in which they are investigated, as well as to the given time and place where us as researchers observe them (Stake, 2010).

The context of labor unions in the garment industry in Myanmar is, through the lens of social constructivism, a subjective reality from the perspectives presented by each interviewee. The reality of the situation can therefore not be reduced to something detached from the individuals who observe it. This motivated us to not follow previous research aimed to reduce the complexity of the phenomena of globalization and labor rights into quantitative data, and instead focus on the perceptions of our interviewees. As such, the social constructivist philosophy has motivated the structure and style of our interviews, seeking to allow for participants to describe their experiences as freely as possible.

3.2. Research approach

This thesis takes an inductive approach to the relationship between theory and research, with theory formulation being an outcome of research. This enables the collected primary data to shape theories and hypotheses, as opposed to an approach where theory simply deduces hypotheses to be applied to the data gathered (Bryman, 2015). The choice of an inductive approach was motivated by the lack of previous qualitative research on labor unions in Myanmar, and is in line with the aim of the study to create a broad understanding for how international sourcing impacts labor unions. Allowing the data to steer the process of finding theoretical explanations and conclusions, makes the research process flexible and adaptable, rather than narrowing the focus of the data to account for predetermined theoretical hypotheses. As such we have prioritized the explorative dimensions of an inductive approach to provide an overview of the situation in Myanmar. With this we recognize the fact that conclusions will be limited to suggested versions of reality and should, in accordance with social constructivism, be seen as socially constructed rather than definite (Saunders et al, 2007).

3.3 Research design

This study is based on a qualitative, exploratory, case design. Qualitative research is designed to enhance an understanding of how and why things happen the way they do, which enables this research to uncover the complexities of the relationship between international sourcing and labor unions in the context of Myanmar (Cooper & Schindler, 2003). As presented by Creswell (2007), “we conduct qualitative research because a problem or issue needs to be explored” (p. 47).

The qualitative method was chosen in order to allow us to explore the lived experiences of individuals with knowledge and insights into the situation of labor rights and the Myanmar garment industry. Additionally, the research question at hand requires us to conceptualize an issue of high complexity. Using qualitative method enables us to explore this complexity and present different views and perceptions of the research question, not demanding simplification into quantitative measures (Corbin & Strauss, 1990).

The removal of the sanctions on Myanmar presents the country as a relatively new market, in terms of global trade but also in terms of academia, where many areas are yet to be measured and researched, and availability of public data and information is limited. This made a preliminary search on the specific context of Myanmar difficult, and motivated travelling to Myanmar to gather first hand data. The lack of research, and the fact that important variables may not be known or thoroughly defined, motivated the choice of conducting a study of exploratory nature as it is suitable approach when a area of investigation is relatively new or vague (Cooper & Schindler, 2003). It also meant that the search prior to departing to Myanmar was very broad in its nature, focusing on the connection between labor rights and international sourcing. The exploratory design of the study allowed the research question to adapt to the uncovered data, introducing the role of labor unions to be a key component of the research question, rather than viewing labor unions as a proxy for other labor rights, which was the initial focus. Furthermore, the exploratory design of this study entails a focus on building a foundation for future research, and can be seen as a way of testing what type of research design, data collection and selection of participants that are suited for the area of research (Cooper & Schindler, 2003).

With international sourcing being directed towards a specific location, and labor unions inherently being confined within the country they operate in, motivated the use of a case study in order to analyze their relationship. The increased international sourcing from Myanmar's garment industry presents a good case for observing how this impacts and changes local conditions. Additionally, the re-entrance of labor unions as stakeholders in negotiating labor rights in Myanmar creates a unique opportunity to examine the nature of the initial contact between unions and international sourcing. The reciprocal nature of the relationship places importance on understanding how the context of such interactions condition how participation in global production networks affects producing countries. This has motivated the choice of conducting a case study to investigate the relationship between international sourcing and labor unions, recognizing that the relationship needs to be understood as embedded in a specific context (Coe et al. 2008). A case study entails an examination of real life complexities within a certain context, and how this influences decisions and behavior (Saunders et al., 2016). The choice of conducting a case study is in line with the social constructivism philosophy of science, stating that perceptions of reality can't be separated from the socio-political and socio-economical context in which they are observed (Callon, 1998).

3.4 Data collection

This section provides an overview of the data collection process, explaining the motivations and justifications for the how data has been gathered.

3.4.1 Sampling

For the data collection for this study, a non-probability sampling was conducted. The use of non-probability sampling entails that the selection of participants is not randomized, thus we recognize the potential subjectivity added to the data collected (Bryman, 2015). However, as the aim of this study is not to draw conclusions for a general population, but rather to explore conditions and contexts of the situation, there is less concern about the sample statistically representing the population (Cooper & Schindler, 2003). The study is based on qualitative data to enable a contextual analysis and seek to describe the meaning, rather

than the frequency, of phenomena and issues occurring the in the social world (Cooper & Schindler, 2003). With this prioritization related to the aim and research question, a non-probability sampling was found to better meet the objectives of this study. The budget and time constraints have also influenced the decision to use a non-probability sampling method, as for instance interviewing a large number of garment factory workers would demand an interpreter and involves issues of accessibility.

The study makes use of snowball sampling which departs from a small group of people relevant to the topic, who then refer to further contacts for interviewing (Bryman, 2015). The use of snowball sampling was motivated by its ability to let us explore contacts that would otherwise be unknown and inaccessible to us, as the population from which we drew the sample was unknown and undefined prior to this research. As we travelled to Myanmar to collect data, we purposefully made ourselves exposed to a much larger number of participants than would have otherwise been possible. The difficulty, if not impossibility, of defining a population of relevant participants prior to departing to Myanmar and without help from people with contacts in the country, further motivated the use of snowball sampling (Bryman, 2015). In line with the exploratory design of this study, there was an initial lack of knowledge in terms of what issues and concepts would be encountered and uncovered, but also of which characteristics and criteria that would represent possible participants (Cooper & Schindler, 2003). These issues of setting out a clear sampling frame, and the lack of knowledge as to who could qualify as an informative participant, coupled with the budget and time limitations of this study, meant that snowball sampling was the only truly feasible option.

3.4.2 Primary data

This thesis benefits from using primary data in the shape of interviews as it provides an opportunity to explore perspectives and experiences that may have gotten lost, misrepresented or suppressed through other methods such as surveys or questionnaires (Silverman, 2006). Additionally, interviews are optimal when, as in the case of investigating labor unions relationship with international sourcing in Myanmar, there is a small population of possible respondents (Marschan-Piekkari & Welch, 2004). The limited number of relevant respondents is due to several factors. Firstly, labor unions as stakeholders in negotiating

workers' rights are an unaccustomed phenomenon, limiting the amount of people with in depth insights into their positions and operations in Myanmar. Secondly, there are only a few larger labor unions and the smaller unions that do exists are largely unaccounted for in official statistics, and as such difficult to identify. This, combined with the fact that this study had no budget for an interpreter, affected the amount of possible and accessible interviewees, as respondents were limited to English speakers. However, the core focus of finding respondents was on obtaining data from people with extensive and well-founded knowledge related to this issue, rather than to have shorter, less insightful interview with a larger number of respondents.

The data of this thesis is based on semi-structured interviews, with the majority of the interviews conducted during a field trip to Myanmar. The semi-structured interviews were built up around an interview guide outlining core themes in order to maintain consistency in the questions covered in the interviews and to ensure that the respondents were directed towards the relevant topics of study (Corbin & Strauss, 2015). The interview guide (A1) was directed by the key areas of the research question, aiming to incorporate the broad aspects of international sourcing, the garment industry and all relevant actors in Myanmar, but was formulated as to not be leading in any way in order to prevent bias. The interviewees were intentionally allowed to respond to the questions as they wished, and were not interrupted if the answers went in another direction than what was expected. Generally, the main questions were succeeded with follow-up questions in instances where further clarification was deemed necessary. Where appropriate, questions not included in the initial guide were posed in relation to situations where respondents touched upon relevant topics which were not included in the original question set. This allowed the interviewees to express their points of view and introduce perspectives they thought relevant to our area of research. The openness of this form of interview is in adherence with social constructivism, and facilitates the verbalization of new perspectives on the topic of study.

3.4.3 Selection of participants

As abovementioned, an initial list of participants was chosen based on a broad search on organizations and companies working with and towards the garment industry and labor unions in Myanmar, and one main criteria in terms of the choice of participants was an

engagement in one of these areas. Additional criteria for participants was that they had to be located in or near the Yangon-area as our trip was limited to ten days, hence we were unable to travel around the country. Additionally, this is where the industrial zones are located, thus where most people with knowledge of the garment industry are based. As we wished to talk to as many people as possible in person, we also tried to limit our search to people situated in Yangon in the time period in which we were there. However, if some participants did not meet this requirement, Skype and e-mail interviews functioned as a replacement for face-to-face interviews.

As we used snowball sampling as our method of reaching relevant respondents, participants were selected based on recommendations and introductions by people who we reached out to but for some reason couldn't participate, and people who we did interviewee who referred us to further contacts. One of our original contacts, found via a general search on the internet for relevant organizations, was Myanmar Centre for Responsible Business who unfortunately were not available for an interview, but referred us to Interviewee A. Interviewee A, beyond serving as a participant in our study, also supported us with general knowledge of how to conduct ourselves as researchers in Myanmar. The selection of the remaining participants departed from this initial contact, snowballing further with every new interviewee. In being referred to new possible participants we selected those whom possessed backgrounds and expertise complementary to the existing participants. This was done to ensure a representative presentation and to provide a nuanced answer to the research question. The aim was to interview individuals with extensive knowledge of Myanmar and with expertise within the investigated area of how international sourcing influences labor unions. We did this in order to provide an overview of the current situation, rather than account for the specific opinions of different social, private and public actors. However, we do not foreclose that these specific actors are not important stakeholders in shaping the direction of the relationship between international sourcing and labor unions. See Table 1 for a detailed list of the interviewees.

No.	Interviewee	Organization	Reference	Location	Date	Duration
1	A	MSC	Representative from the Myanmar Solidarity Center (MSC)	Yangon	19.02.2017	2h 15m
2	B	Pyoe Pin	Representative from Pyoe Pin	Yangon	20.02.2017	2h 15m
3	C	ALR	Chairman of Action Labor Rights (ALR)	Yangon	20.02.2017	1h
4	D	Independent consultant	Independent consultant	Yangon	22.02.2017	2h
5	G	Transnational organization (Anonymous)	Expert in employer relations	Yangon	23.02.2017	1h 35m
6	A	MSC	Representative from the Myanmar Solidarity Center (MSC)	Yangon	28.02.2017	1h 30m
7	F	Business Kind	Founder of Business Kind	Yangon	01.03.2017	2h
8	E	SOMO	Researcher at SOMO	Copenhagen /Amsterdam	15.03.2017	1h 30m
9	H	WRC	Representative from Workers Rights Consortium (WRC)	E-mail	11.04.2017	-

Table 1 List of interviewees.

Interviewee A works at Myanmar Solidarity Center, an organization which for the past 20 years has provided assistance to exiled Myanmar union leaders, and who continuously works with Myanmar's growing union movement. Interviewee A has been working in Myanmar for the last two years, and has been working for Solidarity Center since 1998. During his time in Myanmar he has supported labor unions in interactions with several large international brands, and renders professional support to unions in managing particularly complex situations and continuously monitors international brands interactions with local unions. For the remainder of this thesis Interviewee A will be named "representative from the Myanmar Solidarity Center (MSC)".

Interviewee B is employed at Pyoe Pin, a programme lead by the British Council in Myanmar. The programme works with all sectors, and has focused on the garment industry for the past three years. The work of Pyoe Pin involves the identification of issues within the industry, creating platforms for actors from public, private and social organizations to meet and discuss these issues, facilitating solutions and improvements. As such, Interviewee B has worked with individuals and organizations from all three actor groups. Additionally, she was hired to facilitate a 1,5 year project in coalition with the Myanmar Garment Manufacturers Association, to produce an industry report on the Myanmar garment industry, providing an extensive knowledge on the Myanmar garment industry. For the remainder of this thesis Interviewee B will be referred to as the "representative from Pyoe Pin".

Interviewee C is a native to Myanmar and is chairman of Action Labor Rights, a Myanmese organization which aims to protect workers' rights and promote CSR initiatives benefitting workers. ALR is not a labor union however it's method of protecting workers' rights involves supporting the creation of labor unions, actively helping workers organize in labor unions in factories. Interviewee C has been working for ALR since 2002, being its main representative for the last couple of years. For the remainder of this thesis Interviewee C will be referred to as the "Chairman of Action Labor Rights (ALR)".

Interviewee D is currently an independent consultant who has worked on multiple policy and research projects in relation to labor rights and ethical dialogue across stakeholders. Working in Myanmar since 2013 she has worked as a consultant for both large transnational organisations and smaller research initiatives. Interviewee D has particular knowledge of the garment industry and the specific labor issues of the industry. For the remainder of this thesis Interviewee D will be referred to as the "independent consultant".

Interviewee E works as a researcher at the Centre for Research on Multinational Corporations, SOMO, located in Amsterdam. SOMO characterize itself as a critical, independent, not-for-profit knowledge center and is funded by the Dutch government and support from the EU, and their aim is to support civil society organizations in defending human rights. Interviewee E is one of the authors of SOMO's report 'The Myanmar Dilemma', focused on the question of whether the garment industry can create decent jobs workers in

Myanmar. During the research for the report she spent six months in Myanmar, interviewing almost 400 garment workers. For the remainder of this thesis Interviewee E will be referred to as the "researcher at SOMO".

Interviewee F is the founder of Business Kind, a non-profit organization created in 2008 that establishes social businesses in poor and neglected Myanmar communities, with a special focus on women. As the garment industry is made up of mostly women, several of the social businesses supported by Business Kind are directed towards female factory workers, presenting Interviewee F with comprehensive knowledge on both the industry and its workers. For the remainder of this thesis Interviewee F will be referred to as the "founder of Business Kind".

Interviewee G works for a large transnational organization, specializing in employer relations. For anonymization reasons, the specific organization cannot be disclosed. He has been working with supporting actors in private sector in Myanmar for the past four years, focusing on local labor issues for the past two years. Interviewee G has particular knowledge of the Myanmar economy and has conducted several first-hand studies on economic development and labor structures in the country. For the remainder of this thesis Interviewee G will be referred to as the "expert in employer relations".

Interviewee H is the Southeast Asian field director for the Workers Rights Consortium (WRC), a US based organization monitoring labor rights in factories producing for 180 American, Canadian and British colleges and universities. His role in the WRC is to coordinate factory inspections and trainings of actors such as labor unions and NGO's, on how to effectively address labor rights violations. For the remainder of this thesis Interviewee H will be referred to as "representative from Workers Rights Consortium (WRC)".

3.4.4 Interviews

The data of this thesis is based on semi-structured interviews, with the majority of the interviews conducted during a field trip to Myanmar. A total of nine interviews were conducted. Seven of the nine interviews were conducted in Yangon, the remaining via Skype or e-mail from Copenhagen.

All interviews began with an introduction of our thesis and area of interest, highlighting the fact that our ambition was to get their views and perspectives on the topic, both as an individual and as a professional within their respective organizations. All respondents were asked whether or not they wished to be recorded, and the majority of respondents stated that they could provide more information on the topic off the record. In these cases, the decision was made to interview the respondents off the record in order to obtain a realistic and truthful picture of the situation at hand. In these situations, extensive notes were taken during the interview by one or both of us, and impressions from the interview were noted directly after the interview ended to ensure accurate reconstructions of statements and perspectives.

The semi-structured interviews were built up around an interview guide outlining core themes in order to maintain consistency in the questions covered in the interviews and to ensure that the respondents were directed towards the relevant topics of study (Corbin & Strauss, 2015). All interviews commenced with the respondents being asked to present themselves, their organization and their function within their organization. The interviewees were intentionally allowed to respond to questions as they wished, and were not interrupted if the answers went in another direction than what was expected. Generally, the main questions were succeeded with follow-up questions in instances where further clarification was deemed necessary. Where appropriate, questions not included in the initial guide were posed in relation to situations where respondents touched upon relevant topics which were not included in the original question set. This allowed the interviewees to express their points of view and introduce perspectives they thought relevant to our area of research. The openness of this form of interview is in adherence with social constructivism, and facilitates the verbalization of new perspectives on the topic of study. Most respondents were very eager to talk about the topics at hand, which lead to long and thorough answers to many of the questions prepared. However, the research guide included a relatively large number of questions, and under no interview were all questions explicitly asked. Yet, the comprehensive commentary presented by the respondents provided most of the required information, and the interview guide helped us ensure that no important topics or questions were omitted.

Due to the fact that not all contacted participants were available or situated in Yangon at the time of our visit, one interview was conducted by e-mail subsequent to our return. The e-mail participant was given an e-introduction to our research prior to agreeing to answer any questions. In line with the interview guide (A1), the e-mail participant was asked to present himself, his organization, in addition to the main challenges his organization faces in carrying out their mission. Further, as we recognize the fact that answering e-mail interviews can be time consuming, the participants were asked a shorter series of questions than those posed in the interviews conducted face-to-face. This decision was undertaken in the hope that this would facilitate thorough and comprehensive answers, rather than short answers lacking clarification and explanations. Please find a copy of the e-mail interview guide in appendix 3 (A3).

The main limitation of e-mail conducted interviews, as opposed to those conducted face-to-face, was the inability to ask follow-up questions in order to get further clarifications where needed. Additionally, as we limited the number of questions in the e-mail interviews, we were not able to explicitly cover all topics touched upon in the initial interview guide (A1). However, this limitation was outweighed by the benefits we believe we gained from a facilitation of the participants to provide thorough answers, as opposed to a larger number of inconclusive answers. This is in line with the aim of the study as one to contextualize and enhance a deeper understanding of the complex relationship between international sourcing and labor rights.

3.5 Quality assurance

In our possession of values, attitudes and knowledge on the topic of study, this discussion of objectivity is essential to ensure the validity of our findings (Bryman & Bell, 2015). As the study is based on qualitative data, we as researchers are key research instruments participating in the interviews. Although we should approach interviewees in a neutral and objective manner in our role as researchers, the inherent subjectivity of human behavior will never allow an interviewer to act completely objective (Cooper & Schindler, 2003). Recognizing this, we chose not to conduct a thorough literature review prior to conducting

the interviews in order to not be influenced by previous research results and discussions on the topic. This decision was taken in line with the choice of an inductive approach and the social constructivist philosophy, where we sought to be neutral in our participation of constructing the reality of the situation (Creswell, 2007). Furthermore, we aimed to minimize the risk of interviewer bias through the employment of the prepared interview guide, comprising a set of open questions designed not to be leading the interviewees in a certain direction. There may also exist a bias in connection with how the responses were interpreted. In the same way we as researchers participate actively in the data collection, potentially influencing the direction of the questions and hence responses, we also actively participate in the data interpretation, and there exists a risk of us misunderstanding or misinterpreting responses from the individual participants.

Furthermore, the respondents themselves possess the risk of introducing biasness as they are interviewed in the role of their profession, representing the objective and aims of their respective organizations. As described in the overview of the participants, they represent organizations that in some cases aim at supporting employers and their interests, and in some cases employees and labor unions. Hence, the respondents can't be seen as separated from the differing agendas of these organizations, and their expressed opinions and perceptions should be seen in light of their specific positions. However, the fact that respondents represent both organizations that support the interests of employer and labor unions, enables us to contrast their perspective, contributing to the aim of creating an holistic understanding of the research question.

Case Introduction

4. Case Introduction

This section provides an overview of the current situation of the Myanmar garment industry, as to create a foundation for the succeeding analysis. The section is two-fold. The first part concerns the structure of the garment industry, and how this has been affected by the US and EU sanctions towards the country. The second half shifts provide an overview of the Myanmar's legal environment, with a focus on labor legislation. Facts and figures are based on several industry reports on the Myanmar garment industry (SOMO, 2017; SMART, 2013; Lehman, 2015). Generally, the practice of gathering statistics in Myanmar has been lacking, and exact number of factories, workers etc may differ slightly across reports. However, this is understandable due to the fast pace of change in Myanmar's garment industry, and all reports used for this background are produced by well-respected organizations.

4.1 The Myanmar garment industry

This section will provide an overview of the Myanmar garment industry, giving an account for both the historic development and the current situation. It further presents Myanmar's legal system and relevant labor laws, as well as describing the situation for an average garment worker.

4.1.1 Historical overview

In recent history the Myanmar garment industry has benefitted from several policies promoting exports from the country. The Multi Fiber Arrangement (MFA), ratified in 1974, provided Myanmar with a favorable export position of no quotas for the EU market, and very few quotas for the US market (Kudo, 2005). This initiative introduced Myanmar to the global garment industry. However it was not until the adoption of the "open-door policy" that the garment industry truly expanded. The open-door policy was adopted by the military government in 1988, opening the country up to foreign investment. This inherently lead to an increase in Myanmar foreign trade from the 1990´s, up until the imposed US and EU sanctions (Kudo, 2005). Following this promotion of foreign investment by the military junta, Myanmar followed in the footsteps of its neighboring Asian countries and started exploiting

the garment sector as a key driver of economic and occupational growth (ILO, 2015D). The industry peaked in the early 2000´s, when it contained approximately 400 factories and a workforce of 300,000 workers (SOMO, 2017).

At this time, before the sanction era began in 2003, garment exports comprised up to 85% of all exports from Myanmar (ALR, 2016). Of these, the US absorbed more than half of the garment exports from Myanmar, closely followed by the EU, accounting for respectively 55 and 38 % of all Myanmar produced garment exports (Kudo, 2005). Consequently, the implications of the sanctions on the industry were substantial, and the effects of the restrictions were further amplified by public campaigns encouraging western companies to divest from Myanmar (OECD, 2014). Numbers presented by Kudo (2005) find that the value of garment exports were cut in half almost instantaneously, and the number of factories was shown to decrease from approximately 400 to 130 factories, accompanied by a decrease in workforce of roughly 300,000 to 100,000 workers.

With the abolishment of trade to western markets, a shift towards the Asian market occurred, and from 2005, Myanmar imports to Japan and Korea increased, creating a new upsurge in the overall value of exports. Within the last years of the sanction period, the industry began to grow again, and in 2012 Japan and Korea accounted for almost three quarters of the export value from the industry (ILO, 2015D; SMART, 2013).

However, when the US began lifting its ban on Myanmar-manufactured products in 2012, followed by the EU in 2013, Myanmar exports started a process of re-entering western markets and with this, the garment industry experienced a rapid growth (MGMA, 2015). Accompanying the abolishment of trade barriers to the European market, Myanmar was re-entered into the EU Generalized Scheme of Preferences (GSP), allowing Myanmar duty- and quota- free access to export to the EU, further facilitating trade in the region and hence, growth of the garment industry (European Commission, 2017). In 2014, on average, more than one new factory opened per week (Lehman, 2015). Many of these were Chinese investments, typically by international conglomerates characterized by large economies of scale and industry expertise. As such, many local factories struggled to compete for qualified

staff as the foreign entrants entered into stronger positions to pay higher wages (Lehman, 2015).

Numbers from 2015 indicate that out of the approximately 300 garment factories engaged in production for export markets, roughly 50% are foreign owned, and another 20-30% are partially foreign owned (Lehman, 2015). Foreign ownership in Myanmar's garment industry is generally present in the form of wholly owned enterprises or joint ventures, and this FDI has functioned as a key driver of Myanmar´s recent growth. It is further estimated that most of this foreign investment originates from Japan, Korea and China, and that most investment in the country is directed at the garment industry (ILO, 2015D; MGMA, 2015).

One of Myanmar's garment industry's key attraction points is its low costs of labor. However, although the country is competitive through low production costs, it is noteworthy that although labor costs are lower than in most neighboring countries such as China and Cambodia, costs of energy and infrastructure make it less competitive (Kudo, 2005).

According to the Logistics Performance Index, Myanmar was ranked number 133 of 155 in 2012, illustrating its limited infrastructure. Limited infrastructure in transportation, low mobile and internet penetration rates and poor stable supply of electricity pose strong barriers to trade and economic development (KPMG, 2014). For instance, factories in Yangon on average experience three to four power cuts per day, resulting in loss of production time (ILO, 2015D). The government has acknowledged that their infrastructure is currently not adequate to support the rapidly escalating demand of the business sector, and increasing migration from the rural parts of the country to urban areas, in particular the industrial areas around Yangon (Chhor, Dobbs, Hansen Thompson, Shah & Streiff, 2013).

4.1.2 The industry today

As of 2016, the garment industry employed approximately 350,000 workers, of whom 90% are women (Oxfam, 2015; SOMO, 2017). A large percentage of these women are unskilled youth, migrating from rural areas to the industrial zones in and around Yangon, which is where 95% of the garment factories are located (ILO, 2015D). However, these industrial zones were not originally intended to serve export markets, and hence many factories do not meet international standards of infrastructure (OECD, 2014). The factories, mostly built

in the 1990´s, are small and not well constructed. Although some have expanded by adding extra rooms, these are often constructed without exits and hence pose a large safety concern on workers (SOMO, 2017).

In a study conducted by Impactt and Pyoe Pin in 2013, Myanmar factories are divided between three categories based on their size: leaders, hopefuls and locally owned (ILO, 2015D). The study found roughly 20 leader factories, and 30 hopefuls, characterized as organizations with 1000 workers or more and between 500 to 1000 workers, respectively. Most factories however, constitute the group termed locally owned. Locally owned factories often comprise a lower workforce than the above two, generally below 500 workers, and often poor facilities and machinery (ILO, 2015D).

Whereas some of the leader factories possess production facilities, technology and machinery to constitute more advanced forms of production, most factories in Myanmar are accustomed to work as cut-make-pack producers (CMP). CMP production is usually the manufacturer start stage in the garment value chain. As the name entails, this form of production involves labor intensive tasks of cutting and tailoring, as well as packing garments before they are shipped off. In CMP production, all raw materials are imported to the factory, and all designs, patterns and instructions are provided (BIF, 2016). As such, CMP is the most basic form of garment manufacture, and the lowest value-adding operation within the industry, translating into low profit margins for the producing firms (Nadvi et al., 2004).

4.2 Myanmar's legal environment and labor legislation

The current legal framework in Myanmar is a merge of British colonial rule, the country's post-independence, the military dictatorship, and recent changes undertaken since the liberalization process started in 2011 (SOMO, 2017). This section offers an overview of legislation concerned with labor regulations in Myanmar, relevant for this thesis.

Labor related legislation in Myanmar is stated in the 2008 Constitution of the Union of Myanmar. Section 24 of the Constitution declares the Union of Myanmar to enact necessary laws to protect the rights of workers. Additionally, the Factories Act from 1951 presents legislation related specifically to garment factory labor. The Labor Organization Law and The

Labor Organization Rules of 2011 and 2012 respectively, were established with the objective to protect the rights of workers in accordance with section 24 of the Constitution, and to promote good relations between workers and employers. The Labor Organization Law regulates collective industrial relations and interactions with and among unions, employers associations and collective actions (ALR, 2016). The Settlement of Labor Disputes Law of 2012 was enforced with the further aim to safeguard workers rights, and has the objective to facilitate that these rights are obtained rightfully and in a timely manner, by fair dispute settling between workers and employers (MGMA, 2015). In terms of the fundamental ILO Conventions, Myanmar has ratified The Freedom of Association and Protection of the Right to Organize (no. 87), but not The Right to Organize and Collective Bargaining (no. 98) (ITUC, 2015).

4.2.1 Employment contracts

As constellated in the Employment and Skill Development Law of 2013, all workers must be employed under a prescribed employment contract written within the first 30 days of employment. The exception from this rule is workers in training or on probation. The contracts are standardized by the government across sector and profession, and comprise 21 points which must all be included in the contract. This includes providing both a start and end date of employment, hence contracts can not be open-ended. (SOMO, 2017).

4.2.2 Wages

In 2013 a legislation for minimum wage was adopted and termed the Minimum Wage Law, stipulating the determination and implementation of the country's first ever minimum wage. However, it took the Ministry of Labor a two-year negotiation process with employers and workers representatives to settle on a wage level, and in 2015 the minimum wage came into effect at 3,600 kyats a day, amounting to approximately $2,65 USD. This is the lowest minimum wage in Asia, after Bangladesh. (SOMO, 2017).

4.2.3 Working hours

The Factories Act (1951) states that standard working hours are eight hours per day, amounting to 44 hours per week. A 30-minute break should be given for every five consecutive hours of work, in which should be accounted for in the working hours. Number

of working days per week should not amount to more than six days. Rules for overtime state that amount of overtime must not exceed 16 hours per week, and as such total hours per week should not exceed 60 hours. However, in December 2012, The Ministry of Labor, Employment and Social Security issued a ruling allowing for 64 hour work weeks. This strides with the Factories Act as stated in ILO convention 1, ratified by the Myanmar government. (SOMO, 2017).

4.2.4 Child labor

A recent amendment to the Factories Act (2016) sets the minimum working age to 14 years (SOMO, 2017). Prior to this amendment, the limit was 13 years. However the legislation offers limitations. Children aged 14 and 15 are not permitted to work more than four-hour work days, nor between 18.00 and 06.00. The Child Law (1993) considers those up to age 16 as children, and prohibits the employment of children in work that is qualified as dangerous to their life, which may present the child with disease, or which is in any way harmful to the child's moral character. Additionally, the Factories Act constellates that children under the age of 18 may only work if they have a ´certificate of fitness´ which can be granted by a doctor, stating that the child is in adequate physical condition to conduct the intended labor. (SOMO, 2017).

4.2.5 Occupational health and safety

The Factories Act requires that all accidents present at a workplace with more than ten workers, must be reported to the Factories and General Labor Laws Inspection Department. The Factories Act further states that the factories must be kept clean, there should be sufficient supply of clean drinking water, ventilation systems must be adequate, and measures must be taken to prevent inhalation of dust and fumes. In terms of medical facilities, all factories must be supplied with a first aid box, and in factories with over 250 workers, a certified nurse must be available. (SOMO, 2017).

4.2.6 Freedom of association

The situational context for labor unions in Myanmar has been largely impacted by a more than 50 year prohibition of independent unions and strikes by the military junta (SOMO, 2017). Workers' rights to freedom of association and to collective bargaining was regarded

anti-government activity, and was charged with penalties. Due to the military's censorship labor rights violations in the country, and particularly within the industrial zones, was difficult to observe and monitor. However, this changed with the political liberalization of the country, and in 2012 the Labor Organization Law and Labor Dispute Settlement Law came into effect, allowing workers to organize and form unions. Up until this point, unions had operated in hiding, either on a very small scale or in exile. (SOMO, 2017).

The Labor Organization Law governs collective industrial dynamics, including relations between trade unions, employer associations and collective actions conducted by both parties such as strikes and lockouts. It states that employers should recognize labor unions as entities representing the workers, and further distinguishes between three levels of labor organizations: basic, township and state level. All labor organizations must be legally registered, and must fulfil distinct requirements set at the different levels. Basic unions must comprise a minimum of 30 members from the workplace, or ten percent of workers in workplaces with less than 30 employees. Township level unions are made up of basic level unions, and all basic level unions within the township must be included in order for the union to gain township level status. In the same way the next level type of union, region level unions, are made up of township level unions, and at least ten percent of all the township level unions within the region must be members in order to legally register as a region level union. The law allows for strikes, but requires the permission of the relevant labor federation within 14 days in advance of the strike. Additional regulations state that strikes are not allowed during dispute settlement processes. (SOMO, 2017; ILO, 2015D).

The law further states that the dismissal of union members due to collective actions is prohibited. However, various clauses in the Labor Organization Law offer limitations to the protection of workers, in addition to barriers to joining and forming unions. A single Labor Confederation has the ability to restrict workers to form and join unions of their choosing. The law also comprises several restrictions regarding strikes, and does not clearly prohibit discrimination against unions members, other than dismissal. Nor does it provide clear protection to workers seeking to form unions. (SOMO, 2017).

4.2.7 Collective bargaining

Building on the above regulations regarding freedom of association, the Labor Organization Law further states that all unions have the right to negotiate and settle with employers when workers are unable to obtain the rights constellated in the labor legislation. Collective Bargaining Agreements (CBA) between workers and employers can be signed at the relevant township. Workers can be parties to CBAs either as individuals or through unions, and unions are provided the right to participate in solving collective bargaining issues. If an employer violates any of the CBA terms or conditions, the Ministry of Labor functions as a plaintiff in the dispute resolution, not the individual worker (SOMO, 2017).

The law does, however, constitute several deficiencies. It does not provide provisions on the duty to bargain in good faith. Nor does it regulate extensions made to collective agreements, provide legislation as to the registration of collective agreements or to the enforcement of such agreements (ITUC, 2015). Additionally, although the law clearly states the rights labor organizations have to collective bargaining, there is no mention of responsibilities of the employers on the matter. Other clauses are open to interpretation. In practice, collective bargaining usually follows a labor dispute. As CBAs are based on the issues of the original dispute they seldom include discussions of labor rights and standards in general but are limited to the specific issues of the dispute. (SOMO, 2017).

4.2.8 Dispute settlements

The Settlement of Labor Dispute Law (2012) distinguished between individual and collective disputes. Individual disputes may be dealt with by a Workplace Coordinating Committee (WCC). The WCC is made up of four members equally representing the employer and the union, or the individual workers if not unionized, and is mandatory at workplaces with more than 30 employees. If disputes are not dealt with at this level, they will be passed on to the township Conciliation Body, and further to Competent Courts if the Conciliation results unsuccessful. Collective disputes, subsequent to negotiation and conciliation, pass through an arbitration process. Also these may be dealt with by the Workplace Coordinating Committee before passing on to the township Conciliation Body. If the process thus far does not result in settlement, the case is passed on the the State Arbitration Body, where the final decision lies. Based on the result of this decision, workers can choose to strike, employers

can initiate a lockout, or they can appeal to an Arbitrary Council for a Tribunal set up and administrated by the Central government. (SOMO, 2017).

4.1.4 Conditions for the average garment worker in Myanmar

The above legislation is decided upon and enforced by several governmental institutions and ministries. The Ministry of Labor, Immigration and Population contain employment and labor issues. In terms of enforcement, The Labor Inspection, part of the Factories and General Laws Inspection Department of the Ministry of Labor, Immigration and Population, are responsible for monitoring the implementation of the labor laws outlined above. Under their responsibility is labor offices constituted at state, division and township levels.

However, the Labor Inspection is underfunded and under capacitated; hence weak enforcement of labor law is a problem. Additionally, most inspections are announced prior to inspection and as such, factory owners are given the opportunity to prepare themselves, hence inspections may not give realistic presentations of reality (ALR, 2016; SOMO, 2017). This impacts the average garment worker. Although studies generally find compliance to the Minimum Wage Law, the wage level is the second lowest in the garment sector in Asia, Bangladesh being the lowest, and for most garment workers the wages still do not suffice a living wage (SMART, 2013; PV, 2016). Additionally, research shows that for many workers, total take home wages actually decreased as a result of the new legislation, as they levelled out pay scales of different skill levels and reduced paid overtime. A study conducted by Oxfam finds the average worker to work between three and 20 hours of overtime each week (Oxfam, 2015). This comes in addition to a six-day work week of more than ten hours per day. Furthermore, factory management and owners generally discourage workers from taking time off work. If a worker misses a day of work, a largely disproportionate deduction is taken from their salary, and if a worker takes more than three days off without permission, it is common that they are fired (PV, 2016).

Workers additionally experience poor toilet and water facilities, and express concerns both in terms of health and cleanliness, and in terms of limited capacity compared to the large work force. There are also concerns of dangerous working conditions, and in a study conducted by Oxfam (2015), more than one in three workers reported that they had been

injured at work (PV, 2016). In general, workers experience no security in their rights, nor do they seem aware of their entitlements (SOMO, 2017).

Analysis

5. Analysis

In order to answer our research question, the analysis has been divided into two parts. The first part explores the complex context of Myanmar in which labor unions and firms operate, aiming to create a holistic understanding of how complex aspects of location-specific factors and actor interaction constitutes the current context in Myanmar. The second part examines the influence international sourcing has on this context, and how it impacts the ability of labor unions to operate in Myanmar.

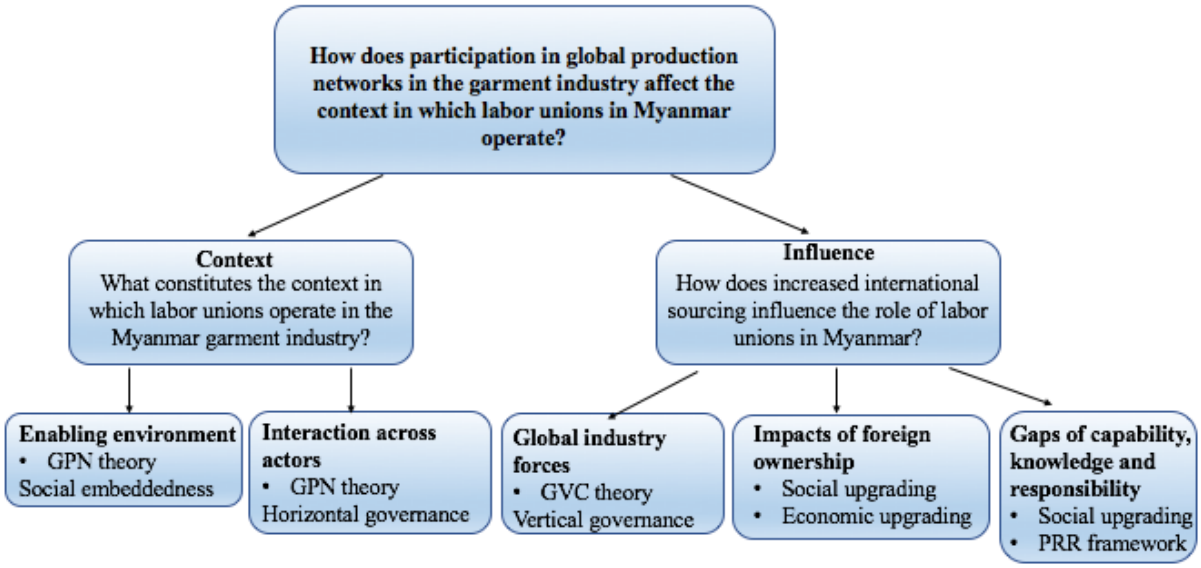

Figure 5 Structure of analysis.

Furthermore, within the two parts of the research question, five main themes have been identified as representing the core patterns in our data: enabling environment, interaction across actors, global industry forces, impacts of foreign ownership and gaps of capability, knowledge and responsibility. The chosen analytical framework of GPN and GVC theory, the concepts of economic and social upgrading and the PRR framework guide the analysis by combining vertical and horizontal perspectives on the Myanmar garment industry actors and the social link of how this impact labor unions and workers. The structure of the analysis is displayed in figure 5. Figure 6 presents an illustration of our chosen analytical framework.

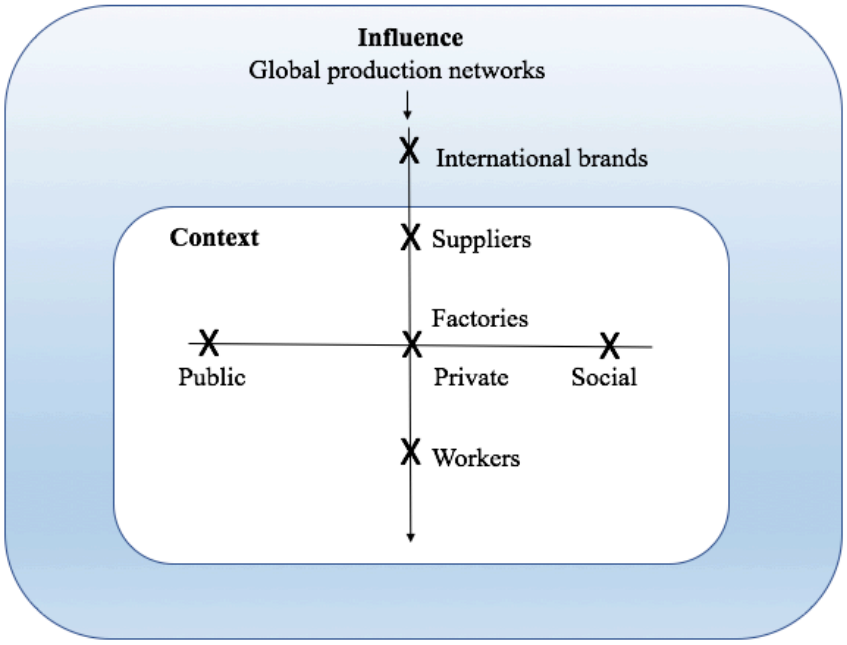

Figure 6 Analytical framework.

5.1 Context

This section serves to answer the first part of the research question regarding what constitutes the context in which labor unions operate in the Myanmar garment industry. Applying GPN theory's concept of social embeddedness, the first part of this section maps out the location-specific factors that shape the context in Myanmar and how these impact labor unions ability to advocate workers' rights and entitlements. It moves on to describe key public, private and social actors within this context, and how they relate to each other in accordance with the concept of horizontal governance. The aim of the section is to analyze the current situation in Myanmar, and to function as a foundation for the second part of the research question concerning the dynamic influence of international sourcing on this situation.

5.1.1 Enabling environment

A common theme in our data is the importance of location-specific factors of Myanmar in shaping the context in which both commercial and social actors, such as labor unions, interact in terms of labor rights. As the expert in employer relations puts it, "Myanmar is a difficult place to do work in, it's a complicated environment". In accordance with GPN theory,

location-specific factors in Myanmar affect how international sourcing impacts labor unions, and also how labor unions impact international sourcing (Coe et al., 2008). Although firms' operations may span across borders, labor unions and institutions are inherently confined within their specific location. This section will explore the enabling environment in Myanmar that our interviewees perceive to shape the interactions of commercial and social forces. In this sense, enabling environment is defined as the location specific factors in Myanmar that enable, or disable, possibilities for forming labor unions, and for them to act in their role to voice workers' needs.

As the GPN approach views value chains as socially embedded, attention is directed to the specific conditions in the local environments in which they are present (Henderson et al., 2002). As such, we analyze the social embeddedness of the garment industry in the context of Myanmar in terms of the country's historic development, economic factors, legal setting and working culture that influence the societal context.

Heritage of the previous military dictatorship

A recurring topic presented by all our interviewees in relation to locations specific factors is Myanmar's history of military dictatorship, and the broad impact this has had on the country and its international relations. The prominent role of the military government in Myanmar's recent history frames the country's social and institutional setting, and has to a large degree defined the current path of entering into the global market. The "new" government, as referred to by our interviewees, has inherited structural impediments from years of dictatorship that does not readily get fixed by simply having democratic elections (Interviewee A, B, G).

The historic development from military dictatorship to a democratically elected government spurred hope for a wider change in the development of Myanmar. This influenced the expectations of people on both the government, but also on the potential benefits of entering into global trade (Interviewee A, C, D). GPN theory's view of workers as social actors places importance on how historic development has not just affected tangible factors, but social realms and expectations as well (Coe et al., 2008). The chairman of ALR puts high hopes in the new government to place focus on other issues than what has previously

preoccupied the military government, such as labor rights and unions. As such the history of Myanmar has shaped the current context both in terms of structural impediments, and also the mindset of people, which creates a discrepancy between expectations and capabilities. Historical developments are also intertwined with the general perspective of culture in Myanmar. The expert in employer relations explains this in that a history of dictatorship terminates any tradition of negotiation as "people don't negotiate with a dictator". This has affected the mindsets of the Myanmar population, and may pose a barrier towards labor union formation and collective bargaining.

The history of Myanmar has also had implications for access to data, which complicates the ability to track the country's development. This is explained by a traditional lack of social dialogue between the government and the population, "..there has been a military dictatorship so obviously they have no tradition of having these conversations" (Interviewee E). The expert in employer relations further points out that Myanmar bears no history of exchanging information from year to year, hence there is no tradition of tracking development. This complicates the ability to systematically measure development over time, and to convey current conditions in relation to historical data (Interviewee A, G, E). It makes the current situation open for interpretation, and ambiguity in terms of how democratization and entering into the global market has shaped and changed the country in general.

Implications of limited infrastructure

Years of military rule has shaped the structural development process of Myanmar, with generally poor infrastructure as a consequence (Interviewee B, D, G). "70 % don´t have electricity, most don't have formal employment, land confiscation by military is still rife so there's no real security of land" (Interviewee A). The data displays multiple challenges caused by infrastructure, relating to commercial activities of firms, but also to people's life quality. This is in accordance with the GPN perspective on social and commercial embeddedness where local conditions affect global networks, and vice versa (Coe et al., 2008).

Issues of infrastructure and administrative structure influence firms and GPN activities in Myanmar, inducing increased costs of operations. The independent consultant explains that companies are hesitant to invest in Myanmar because of high costs of land, poor infrastructure in especially internet connection, lacking reliable electricity access and efficient road networks (Interviewee H). This is supported by KPMG (2014), who find that the poor infrastructure of Myanmar creates barriers of trades. The lack of infrastructure drives up costs for all industries in Myanmar, and creates barriers of trade (Interviewee B,G), especially for the fast fashion garment industry as time-to-market is key to obtain a competitive advantage (Interviewee F). The expert in employer relations perceives these high operating costs to put pressure on keeping wages in the garment industry low, in order not to lose competitiveness vis a vis other developing countries. In line with the reciprocal connection between local conditions and global production within GPN theory, the local conditions of poor infrastructure in Myanmar affects decisions of investment and distribution of production in GPNs (Henderson et al., 2002). Hence, global competition limits how much costs of production in Myanmar's garment industry can increase before losing competitiveness to other low-cost countries. As such, poor infrastructure may have a lock-in effect on low wages, hindering unions in advocating better wages and collective bargaining.

In terms of social realms, infrastructure affects how people are able to live, but also what occupies their minds, and how they prioritize. The representative from Pyoe Pin's perception is that many people's biggest concern is getting sick, as access to clean water, mosquito nets, and adequate housing may be limited in certain places, and that this influences their perception of what constitutes good conditions. Issues of access to clean water and other sanitary needs are also found to be key concern for people in Myanmar (SOMO, 2017). Hence, the practical needs and issues that come with poor infrastructure may overshadow other issues, such as ability to join a union. The effect of infrastructure on people's perceptions and abilities is also mentioned by the independent consultant, "urban planning has an impact, such as street lights, transports, knowing where to go for help. If you come out of the factory at the middle of the night you will go straight home in a group of women, not walk around by yourself, running off to union meetings". Thus, the independent

consultant sees a direct connection between the standard of the infrastructure and the possibilities of forming labor unions.

Ambiguities of the legal system

Political history has influenced Myanmar's laws and regulations, which formulations and structures bare traces of the country's historical background. Labor laws and policies, as well as the structure of the government and ministries, have heritage of the British rule. Myanmar's subsequent attempts to state their independence and adopt new laws, without necessarily changing or replacing the older ones, has resulted in a legal system that is described as "messy" (Interviewee B), "not in line with international standards" (Interviewee E) and that it is "... all over the place, and there is not one place to look to get all required information" (Interviewee A). Because of its historical background, the complex, and at times contradictory, legal system is a recurring contextual complication for both firms and labor unions trying to understand the law (Interviewee A, B, E, G, H).

The national legal system is a typical location-specific factor as it does not span country borders, and is of particular importance in the GPN approach of the social embeddedness of firms, as it determines the rules of global networks interacting with local actors (Henderson et al. 2002). The legal system in Myanmar is a multilayered fabric of English common law, customary law of the family, and the more recently created Myanmar legislation (Interviewee A). The structure is characterized by an overlapping of ministries and departments, where lack of communication and organization is transferred to contradictory laws (Interviewee B, G). The organization of the government has resulted in misaligned laws stemming from different departments, creating loopholes and opportunities for corruption (Interviewee G). The notion of corruption as a systemic issue plaguing the legal system is supported by the International Trade Union Confederation (2015). Additionally, the constant supplementation of regulations from ministries, which are not part of the law, creates a lack of transparency. These regulations do not have a standardized channel for publishing, and are often contradictory and physically difficult to get hold of (Interviewee A). This has implications for how different actors, such as labor unions and firms, can interact and understand each other. Our findings show that complexity of the legal system transfers confusion and conflict into the relationship between commercial and employer oriented

actors, and social and labor oriented actors. Displayed by the representative from the MSC saying “I know that the ‘Expert in employer relations’ complains that the ‘Chairman of ALR’ constantly gets the overtime rules wrong”.

The labor law in Myanmar has implications for labor unions as it sets the frame for how unions can be formed and what measures they may legally take in expressing concerns and opinions. When forming a union, the leaders must officially register it in order to gain union status under Myanmar law, during which process there is a delay between announcing the intent and actually becoming a registered union. This is common legal practice, however upon announcing their intent to form a union to the government the identities of the union leaders becomes publicly known. The chairman of ALR explains how this may cause issues, “before the union is being registered.. (the union leader) will be dismissed. So because they fire you before the unions register that is not a violation (of labor rights)”. The representative from the MSC points to the catch- 22 paradox saying “the law protects you if you are in a registered union, but if the union is not registered, the law does not count. And if a leader is terminated, the union is not registered”. Hence, there are legal issues of adequately protecting the freedom to form unions in Myanmar.

Labor culture and women’s role in society

Our data reveals the importance of culture as a determinant of both the wider, social, working context in Myanmar, but also specifically the context in the garment industry. Labor is fundamentally idiosyncratic and place-bound, and the specific composition and characteristics of the labor force are core factors of importance in the social embeddedness of GPNs (Coe et al. 2002). Our data finds that as the labor force in the Myanmar garment industry mainly consists of young and unmarried women, this has implications for the general status of garment workers (Interviewee A, D). Their jobs are seen as “supplementary”, not as a main source of income, which the independent consultant perceives as facilitating garment factories in not having to pay a living wage. This is supported by the representative from MSC, who states that garment labor is “not a job where you bring up a family, you don’t get paid in that way”. This places importance on the feministic perspective of labor in the Myanmar garment industry, impeding women's

independence where “women need men, or a family with others working, in order to survive as they don’t get paid a living wage” (Interviewee A).

However, the founder of Business Kind, perceives the situation for women workers to be affected by the cultural tradition in Myanmar of women sending money to their families, stating that most women send as much as 50% of their salary home. As such, the living standard of women working in garment factories is not representative for their actual salary. The status and cultural freedom of women in Myanmar also has implications for their ability to take part in activities after work. The independent consultant explains her view on how the gender composition of the garment industry can be linked to the ability to form unions, stating that“(women) are not going to run around at night going to labor union meetings that happen after work, and also have more responsibilities to take care of others”. As such, the structure of the labor force in the garment industry as being dominated by women workers, has particular cultural aspects that affect the context in which firms and labor unions operate.

Culture, being a characteristic of worker’s attitude towards employers and vice versa, defines the type of interactions that take place. The expert in employer relations and the representative from Pyoe Pin talk about the work culture in Myanmar as being paternalistic, where employers view their employees “like their children, which is very non-rights based ” (Interviewee G). Factory owners in Myanmar often claim to get along well with their workers, illustrating this with the fact that they give them presents on their birthdays. Our data finds that there may exist a misconception among employers of what constitutes a good relationship with their workers, grounded in a misunderstanding of being kind versus being fair and rights-based (Interviewee A, B). The expert in employer relations finds that, generally, employers in Myanmar do not see a need to formally interact with workers, as it is neither a cultural nor historic tradition to do so. The culture of employer-employee relationships can as such restrict the understanding of the need for engaging in more formal labor standards.

Key findings - Enabling environment

Our data finds that the history of Myanmar, more specifically the military dictatorship, shapes and frames the culture and mindset of people, but also more tangible aspects like infrastructure and legal system. Culture and attitudes impact behavior towards authorities and social dialogue between stakeholders, as such constituting important factors that influence the enabling environment in which labor unions in Myanmar operate in. Also, poor infrastructure is found to be a historic heritage posing challenges for both social and commercial activities, driving operating costs for firms in Myanmar up. This has implications for union activities, such as advocating higher wages, as labor costs are pressured to stay low in order for Myanmar to remain competitive. Our data reveals that the legal system in Myanmar is perceived as complex and confusing, inducing conflict between actors. The structure of the system conveys a lack of transparency, making it difficult for both commercial and social actors to readily understand 'the rules of the game'. The confusion of the legal system is a red thread in our data and will be further examined in relation to the themes interaction across actors and knowledge gap. We also find that the culture around women and the perception of their job as 'supplementary' are determinant aspects in garment workers ability to form unions, thus being an important factor in the enabling environment.

5.1.2 Interaction across actors

In this section we analyze how horizontal relations are perceived by our interviewees. Outlining horizontal actors in accordance with Gereffi & Lee's (2014) framework of private, public and social governance, this section will explore the reciprocal interaction and characteristics of the relationships that govern how types of actors relate to each other in shaping labor rights. The horizontal perspective of governance includes the involvement of actors beyond those directly involved in production, such as nation-states, international organizations and labor unions in influencing global production systems (Gereffi & Lee, 2014). Departing from our research question, the focal point for our analysis is unions, and in extension workers, focusing on how the other actors interact with them.

The GPN approach takes a relational perspective on actors within the network, in which interlinkages are seen as complex and dynamic (Henderson et al., 2002). In the Myanmar garment industry, this comprises the intricate relationships between labor unions and foreign buyers, factory management and the local government and ministries. Findings display a general consensus on the structure of relationships, but with differing views on the character of the relationship and division of responsibility.

Social actors

The role, and motivations of labor unions in the garment industry appear to be implicitly assumed by our interviewees as advocating higher wages and better work conditions for workers. Our data instead directs attention to the factors and actors in Myanmar enabling, or disabling, unions to act in this role. The independent consultant recognizes the role labor unions could play in negotiating social benefits, but emphasizes the the need for government support. She points out the difficulty labor unions have to gain members and as such representative power, as "labor moves around and doesn't stay in the same job for long", limiting unions' ability to reach and organize workers. Hence she calls for a clearer and stronger role of the government in driving change in labor rights and standards. The researcher at SOMO instead argues that labor unions should be the central actor, as they consist of workers and thereby know what requires improvement. Hence, according to the researcher at SOMO, unions are the ideal actors to advocate such change. This is in accordance with studies conducted on labor union impacts as raising wages, improving health and safety regulations, and improved working hours (Aidt & Tzannatos, 2002; Standing, 1992; Booth, 1995; Lewis 1986; Rama, 1998). The chairman of ALR also points to the importance of labor unions in improving worker's rights, but emphasizes the key role of labor unions to ensure that workers are aware of their rights. Thus, the chairman of ALR extends the perspective of unions to not only advocate improved working conditions, but as a means of equipping workers as social actors.

During the military dictatorship labor unions were illegal, forcing some union leaders into exile. This has influenced the current structure of labor unions in Myanmar, with a division between unions led by previously exiled leaders and newly created unions (Interviewee B,D,E, G). The distinction characterizes the types of labor unions in Myanmar, "the trade

union field is quite polarized", states the researcher at SOMO. According to research conducted by Green (1988) and Lewis (1986), polarization of the union field, and low degree of unionization, may deprive unions of power. The exile-led unions are by our interviewees perceived to be more powerful and equipped than the smaller more recently formed unions. However, these exiled run unions are also questioned as to what their motives may be, as they are perceived to have a political agenda (Interviewee A, D). Our interviewees perceive there to be two types of motivations for labor unions; political unions built on ideological foundations, and unions who are regulated by the government as a means to adapt to international standards and demands of freedom of association in order to be accepted in global production (Interviewee A, D).

The notion of this separation appears to be widespread among our interviewees, however the perception on the two types of unions is complex. The independent consultant explains that "People who were in exile for a long time feel like they deserve something now, and at the same time people who stuck it out here also feel like they do. So there's a clash between these two types of groups within the labor unions". Lack of resources, proper knowledge and contact network is a shared perception of the newer, smaller labor unions being set-up (Interviewee A, D, G). This is further supported by ITUC (2015) who reports that unions generally lack resources, knowledge and understanding of the law, in combination with a lacking capacity in negotiations with corporations. The expert in employer relations views this as troublesome and that this causes illegal strikes to be carried out, portraying a negative picture of all labor unions.

The issue of smaller, ill-equipped unions relates to the legal aspects of labor unions in Myanmar. The law demands workers' representation, WCCs, to be in place in factories. This, however, does not guarantee the ability to collectively bargain, as a majority status is needed in order to pursue a collective bargaining process (Settlement of Labor Dispute Law of 2012). This creates a structure of small groups of worker's representations with lack of bargaining power, which limits the measures WCCs can take in negotiating with management. "They need to know the level of standards to bargain for, which they don´t know yet. Negotiation and compromise skills need to be taught" (Interviewee A). In turn,

this provokes employer action, fueled by similar lack of knowledge on how to handle relations with organized workers. ”They (employers) will react in a heavy handed way, as they have no experience from dialogue with workers' representatives. It is not a commonplace approach getting both sides to think about solutions rather than just problems” (Interviewee G). This perception of some labor unions as provoking conflict between workers and employers, contrasts the idea of unions as a means to civilize discussions and interactions, reducing conflict by providing workers with an organized system for voicing their opinions (Aidt & Tzannatos, 2002; Freeman & Medoff, 1984). The tension between how labor unions and employers perceive each other, conveys barriers for the positive effects that unions have been found to have on firm profitability, by raising efficiency and reducing turnover (Aidt & Tzannatos, 2002; Freeman & Medoff, 1984; Freeman, 1980; Faith & Reed, 1987).

Public actors

Within the concept of horizontal governance, the role of the government is to regulate activities that take place within its national borders (Bair, 2008). Our data displays ambiguous perceptions of the role of the government in interacting with brands, factories and labor unions in the garment industry. The chairman of ALR perceives the government to be preoccupied with political pressures of bringing peace into conflict regions in northern Myanmar, saying “I think the government is more focused on the peace process and this development”. The independent consultant perceives the government to have a limited role, arguing that their activities are restricted to creating laws and monitoring conditions. Instead, she perceives labor unions to have a potential role in changing work culture and employer-employee relations.

With the relatively recent democratization and appurtenant change of government in Myanmar, our interviewees find that the role of the government seems unclear to both the government itself, and other actors (Interviewee A, D, G). As presented by Gereffi and Lee (2014) the concept of public governance incorporates a dual image of the role of the government as potentially both facilitating and hindering social and economic upgrading, directly and indirectly impacting businesses and labor unions. Our data displays a separation between perceptions of how the government balances its focus on retaining foreign

investment, and on enforcing international labor standards. On the one side, interviewees perceive the government to be too eager and unorganized in enforcing labor standards, pushing too high costs of compliance on to businesses, demanding rapid changes without adequate support (Interviewee B, F, G). On the other side, the government is perceived to be limited by their desire to stimulate economic growth by foreign investment, and as such not adequately addressing the systematic gaps where labor unions and workers are not sufficiently protected (Interviewee A, C, E). The researcher at SOMO says that “in general, the government is very open to any kind of foreign investment, and maybe, not too critical about the types of investments and the companies that are becoming active”. This type of discrepancies between incomplete regulations and ineffective enforcement is typical for developing countries, and creates barriers and conflict in the interaction between public, private and social actors (Gereffi & Lee, 2014).

One of the main ways for the government to exercise horizontal governance is through regulation of labor issues (Gereffi & Lee, 2014). A key area of discussion in terms of the government's interaction in the market and the garment industry in Myanmar, is the recent introduction of minimum wage. The researcher at SOMO states that “we are of course advocating for a higher minimum wage but Myanmar also wants this industry to grow, and they want brands and retailers to source from Myanmar, and they don't want to scare them away with higher wages”. The founder of Business Kind perceives the minimum wage to be challenging for factories as other costs, such as electricity, are high. The perspective on minimum wage policy is, as such, incohesive amongst the interviewees, with some viewing it as a step towards more inclusive growth (Interviewee C, E, H), whilst others perceive it to be a blunt policy, inflicting pressure on market structure (Interviewee F, G). The representative from the MSC reflects on the different perspectives as “labor rights people will say that workers should be paid a living wage, but that is not the same as the minimum wage. Other will say that the factories wages are much better than the millions who don't have jobs”. He illustrates the complexity of raising wages in the garment industry as this would create inequalities with unskilled factory workers earning better than civil servants and government employees with college degrees. The ideal scenario is a rise in all wages, however, this is a gradual development and "the question is, where is the happy medium?" (Interviewee A).

Although there are differing views on the motivations of the government in Myanmar, there is a common perception of a lacking institutional capacity in how to facilitate balanced employer-employee relationships (Interviewee A, B, C, D, G, H). The independent consultant however, suggests that people's expectations of the government's ability might be too high, and that "there's no balance between rights and obligations... People here don't understand the exchange of duties and rights between the government and individuals". The incapacity of the government to frame and allocate the responsibilities to the different actors, coupled with misaligned expectation of the public, creates confusion and frustration in interaction between private, public and social actors within the garment industry.

Private actors

According to GVC theory, private governance involves the horizontal interactions and vertical governance by private actors within the value chain, with the purpose of maximizing economic efficiency. When providing their perspective on the corporate actors in Myanmar's garment industry, our interviewees focus on three types of actors: factories, foreign suppliers and international brands. Thus, there is a distinction between the perception on how these corporate actors interact with social and public actors. The characteristics of foreign suppliers and international brands will be further analyzed in the foreign ownership section, leaving this section to focus more on local factory management.

Factory management, in contrast to international brands, have direct contact with workers and are as such more exposed to the practical implications of interaction with labor unions and labor law in Myanmar. However, in terms of factory management's knowledge and ability of how to handle stakeholder interaction, the expert in employer relations explains that "employers here have no experience. On the employer side, there exists no need to interact with workers. They need help to start doing that". The representative from the MSC is critical of factories motivations in relation to labor unions, but acknowledges that factories come out of a much unregulated context and do not have routine in dealing with this type of issue. Within the concept of social embeddedness, the relatively recent change of the political rule in Myanmar has induced a need for factories in the garment industry to adapt and increase their embeddedness in the new socio-political context (Henderson et al., 2002). For factory management in Myanmar, this implies learning to interact and cooperate with

new actors in their network, such as labor unions, who within the notion of horizontal governance affect commercial activities (Humphrey & Schmitz, 2001).

Several interviewees state that workers wanting to join unions risk being dismissed by factory management (Interviewee A, C, E). The chairman of ALR views factory management as generally taking an anti-union stance, as "workers can demand to raise more salary, so higher cost for the factories. Another is workers complain more and more". However, another perspective is given by the expert in employer relations, referring to a case of a union leader allegedly not showing up for work for several days and who was therefore subject to being dismissed by management, saying "employer's common complaint about unions, this being the basic factory level unions, is that people have a perception of union leaders as being somewhat untouchable". As such there appears to be a tension between factory management and labor unions, viewing each other as opponents. The division of opinions on the relationship between labor unions and factory management is displayed by other interviewees. The independent consultant, the representative from Pyoe Pin and the founder of Business Kind perceive factories to generally want to do right by workers, admittedly often with limited knowledge of how. Whilst the representative from the MSC and the researcher at SOMO perceive factories to recurringly counteract labor unions.

Key findings - Interaction across actors

The role of government, labor unions and corporate actors is an opinionated area amongst interviewees. Labor unions are perceived as being divided into two wings, unions led by previously exiled leaders and smaller, newly created labor unions. Labor unions ability to gain representative power in negotiations is impeded by difficulties of unionizing workers, resulting in small labor unions without the power of collective bargaining. The government is perceived to have a limited role in impacting labor rights as their role is limited to creating laws and monitoring conditions in the country. Additionally, the motivations of the government are not clear in terms of balancing growth and economic prosperity versus their role to protect and defend labor rights. Local factory management is found to have a perception of labor unions as their opponents, not viewing them as an actor for collaboration on labor rights issues. Generally factory management does not have routine in interacting with labor unions as stakeholders, and does not see a need to do so. A common

theme amongst social, public and private actors is the perceived lack of knowledge, experience and systems to support balanced relationships.

5.2 Influence

The first part of the analysis has mapped out the specific factors of Myanmar and key public, social and private governance actors, that constitute the context in which labor unions operate. The following part of the analysis will examine the influence that our interviewees perceive international sourcing to have on this context, and how this may enable or disable a process of improving worker's entitlements and rights. Applying theory of social and economic upgrading, GVC theory and the PRR framework, this section analyzes the second part of the research question of how international sourcing influences the context in which labor unions operate.

5.2.1 Global industry forces

In order to create a comprehensive understanding of the influence international sourcing has on the garment industry in which labor unions operate, we apply GVC theory to map out how the garment industry is structured. By applying the GVC approach to our analysis, we are able to assess the vertical relationships between actors within value chains, and address the implications this has had for the structure of the Myanmar garment industry. By further applying theories of economic and social upgrading, this section analyzes how international sourcing influences opportunities for improvements in workers rights and entitlements, and labor unions ability to advocate such improvements.

Pressures of the global garment industry

According to GVC theory, lead firms in buyer-driven value chains, in this case international brands, have the power to set standards within the entire supply chain (Humphrey & Schmitz, 2000; Gereffi, 1994). This is supported by our data displaying that suppliers and factories in Myanmar must comply with requirements set by international brands in terms of price, lead times, quality, and working conditions, and do not carry much bargaining power towards the brands (Interviewee A, B, D, E, F).

Concerning the structure of the global garment industry, a main argument behind race to the bottom theory is that under free, global competition, firms will prefer a location with weaker standards and regulations, and lower costs (Mosley, 2011). This view is supported by the representative from MSC, who in a discussion on the constant movement of the industry states that “when things are getting a little more expensive in India, you move. Always move to cheaper labor. Vietnam, Bangladesh, Myanmar, and now Ethiopia appears to be the next upcoming location. Why do you think that is? It´s because of cheap labor. And also, rule of law is very weak”. The representative from WRC further advocates this in stating that “they (international brands) are clearly in the country to take advantage of cheap labor”. This exploitation of labor is argued to be a result of pressures created by fast fashion, where time from finished product to delivery is crucial (Interviewee F).

Increasing demands and pressures from international buyers in GPNs create production processes that emphasize flexibility (Nadvi, 2004). This translates into more overtime, longer work weeks and shorter breaks, and is pointed out by several respondents to be a main source of constraint on supplier's capacity of economic and social upgrading (Interviewee A, D, F, G). This is supported by Oxfam (2015), who find that Western purchasing practices lead to delivery and price pressures, translating into more overtime. Correspondingly, in line with Milberg & Winkler (2011), suppliers tend to respond to this pressure by lowering prices (Interviewee A ,F, G). “It´s hard for Myanmar factory owners to make profits due to pressures coming in from foreign brands to keep costs down” (Interviewee A). “Price pressures and deadlines from buyers affect deadlines for factories. What buyers and brands demand has a direct effect on workers” (Interviewee G).

The pressures of fast fashion are also argued to result in sub-contracting (Interviewee A,F,G,H). This is by Knutsen (2004) argued to deprive supplier factories at the bottom end of the GPN even more of their power. Our representative from MSC states that, although subcontracting is going on all the time, “fast fashion leads to further subcontracting”. This is argued to be a direct result of the pressures brands push onto suppliers in terms of large orders, short lead times and high quality requirements (Interviewee G). Sub-contracting is

perceived to be problematic, as it adds complexity to the amount of actors in the supply chain and brands may not always be aware that it is happening. Hence, as sub-contractors are seldom audited and monitored, because of lack of transparency as to who and where they are, standards tend to be lower than in direct supplier factories (Interviewee A, E, F).This is supported by SOMO (2017), who finds that social audits to rarely stretch beyond the first-tier producers. This makes it difficult for both brands and other actors such as labor unions or international labor rights organisations, to know how to impact and change conditions as the full range of actors involved in production is not always known (Interviewee A, D, E). However, the expert in employer relations argues that as the brands know the size of their orders relative to the capacity of their suppliers, they should subsequently be able to figure out that their orders often will cause overtime or subcontracting.

Position in the global garment industry

Our interviewees explain that factories within the Myanmar garment industry operate within CMP-production (Interviewee A, B, D, G, H). As such, the production is mainly based on low-skilled tasks, consisting of workers merely cutting, making and packing the products. This is in line with Barrientos et al.´s (2011) characterization of the garment industry as having a low-skilled work force. The nature of CMP production means that all equipment, material and designs are imported into Myanmar, the representative from Pyoe Pin explains that "everything except labor is brought in. The only thing that happens here is the labor". Hence, all that is paid for in CMP production is the labor, thus there are not high margins for the factories producing (Interviewee G). With the nature of production in the garment industry as seeking low-costs, this implies a role for labor unions as actors, advocating for workers to not be exploited as cheap factors of production (Interviewee D).

According to Gereffi's (1999) concept of economic upgrading, increased international trade should lead to a technical upgrade that advances firm competitiveness. The technical upgrade entails a move to higher value added activities. In the Myanmar garment industry, this would imply that an inclusion in GPNs should translate into opportunities to gain more skills and get access to better technologies. As such, the trade liberation towards the European and US markets should adhere to a move from CMP production, to include more

skill-demanding production and an upgrade of the machinery and technology used. For Myanmar to progress from CMP production to higher value-added activities, there needs to be an increase of overall skill level in terms of adding, or specializing in, functions of design, marketing and shipment (Humphrey & Schmitz, 2002; Barrientos et al., 2011). Figure 7 illustrates the upgrading required to move past a simple CMP production, to include more value-added activities.

Our data do not find support for such a process taking place in Myanmar (Interviewee

B, D, H). An independent consultant within labor conditions states that “production development does not help as it is merely focused on CMP, and as long as it stays that way workers won´t learn more skills”. Hence, there appears to be a need for other actors to push for an upgrading of the industry.

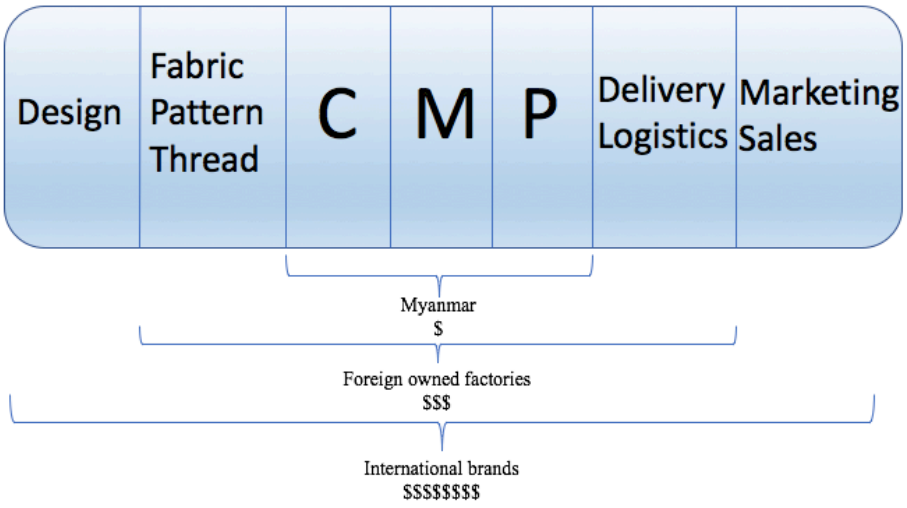

Figure 7 CMP-production,

Myanmar is perceived to be positioned at the bottom of triangle manufacturing, being a destination for other countries seeking low costs for the simpler parts of production. Within the concept of triangle manufacturing, put forward by Gereffi (1999), for Myanmar to evolve beyond simple CMP production, the low-skilled parts of production need to be shifted to lower-cost countries, with higher-margin activities staying in the country. However, the researcher at SOMO perceives there to be signs of low-value production moving from countries such as Cambodia and Thailand, into Myanmar. This indicates that the production in Myanmar’s garment industry is not in a process of advancing from operating in the low-

margin segment of production. Our interviewees perceive their to be little room for local production to advance to higher profit shares, due to the foreign ownership structure of factories where most of the profit is gained outside of the country (Interviewee A, B, D, E, G).

Key findings - Global industry forces

Our data is cohesive in the perception that the structure of the Myanmar garment industry is influenced by international sourcing, mainly through pressures of international brands on suppliers, both in terms of increased subcontracting and a low-skilled production. This complex structure of the garment industry supply chain creates difficulties for labor unions seeking to interact with relevant stakeholders. As such, transparency may be difficult to achieve, creating barriers for unions, as well as other actors, to have a clear picture of where accountability resides. The specific aspects of the garment industry, with large segments focused on fast-fashion and low costs, define how production is distributed and has implications for what type of labor is carried out in different stages of production. The CMP orientation of production in Myanmar places the country within the cost focused segment of production, where labor is basically the sole value adding activity. As such, this entails a perception of labor as a factor of production that gains competitiveness by how much it costs, not the level of skills.

5.2.2 Impacts of foreign ownership

Our data displays unified evidence that the above presented forces of the global garment industry enhances differences between local and foreign owned factories within the Myanmar garment industry (Interviewee A, B, D, E, F, G). In the above section, GVC theory was utilized to assess the vertical relationships between actors in a global value chain, and how this affects the structure of the garment industry. This section will make use of theories of economic and social upgrading, in order to assess how the structure of the industry impacts its ownership structure, and what implications this has for its workers and labor unions ability to advocate improvements in workers' rights and entitlements.

Differences of local and foreign ownership

Findings show that foreign owned factories are, in general, better equipped both in terms of capital and capacity to meet demands of short lead times and large orders stemming from

international brands (Interviewee A, B, F, G). This is argued to be the result of better financing, technologies, capacity and know-how, and more experience, giving foreign owned firms the opportunity to supply larger orders at a faster speed than local factories (Interviewee A, G, H). These findings are aligned with empirical evidence, identifying origin of ownership as an important aspect impacting firms in developing countries access to technology and capabilities (Dunning, 2001; Cantwell & Narula, 2001; Narula, 2010). Our findings are further supported by empirical evidence from the garment industry in Myanmar, which classifies foreign ownership as having both higher technical capabilities and export intensity compared to local firms (Rasiah & Myint, 2013).

The data suggest that the above differences, in addition to the influx of international companies sourcing from Myanmar, drives local factories to risk going out of business (Interviewee A, F, G, H). Our interviewees argue this to be the result of a combination of things. First of all, local factories "just don´t have the experience as the environment has been so difficult for the past centuries" (Interviewee G). The representative from Pyoe Pin supports this by explaining that the local factories "haven´t been exposed to the open market for many years", hence she argues that they have a lot of catching up to do before they will reach the standards of the foreign companies. This has resulted in local factories not being compliant enough to internationally set demands and standards, which has prompted international brands to source from foreign factory owners who are taking over by "scale and scope", hence pushing back the locals (Interviewee A, B, G). This is further supported by SMART Myanmar (2015) who in an industry report find that because of the economic isolation of the country, Myanmar missed out on the global shift in garment production, hence impeding their development.

The foreign-owned factories are mostly Chinese, Korean and Japanese owned (Interviewee B, D, F, G). This is explained by our representative from Pyoe Pin, as be because these were the nations which Myanmar continued to trade with during the period of sanctions. These are also the nations who continue to open factories in Myanmar (Interviewee B, F, G). One respondent points to evidence that the development of garment industry in Myanmar today is heading in the direction of Cambodia, where the portion of foreign ownership comprises

roughly 99% (Interviewee B). However, such a structure creates certain difficulties. The representative from MSC explains the industry structure followingly, “a brand may be situated anywhere in the world, using a supplier from basically anywhere in the world, who then in turn have factories in several different countries. A supplier may have the home office in Bangkok but own and operate factories out of Myanmar”. The geographic dispersion of factories and ownership, and the complexity of suppliers selling to multiple international brands, makes transparency and accountability difficult to achieve (Interviewee A, B, G). As such, the foreign ownership structure within the garment industry may induce barriers for unions to interact with the accountable levels of management.

International sourcing increasing foreign ownership

Our data presents a unified perception of increased international sourcing impacting the ownership structure in the Myanmar garment industry (Interviewee A, B, D, E, F, G). To examine how, and if, this has an effect on labor rights and labor unions, we apply social upgrading theory. Myanmar is positioned at the bottom of triangular manufacturing, and and in terms of production capabilities, local factories have been positioned below those of foreign ownership. Our data finds this to be, partly, due to the fact that international brands mostly source from foreign owned firms as they generally have more knowledge and experience on labor rights compliance (Interviewee B, F). Although our data does not show any direct connections between this and labor unions ability advocate worker’s rights, it does point towards an indirect link the sense that foreign owned firms are perceived as more likely to be able to reflect international brand’s agendas on labor rights and, among those, freedom of association.

Previous literature has tended to assume that economic upgrading will induce social upgrading (Henderson et al., 2002; Humphrey & Schmitz, 2000; ILO, 1999). For our data, this would imply that the foreign owned factories, with greater access to finance and technology, and which are equipped with better production facilities and access to financing, would induce a social upgrade for its workers in terms of measurable rights. However, in terms of social upgrading, our data finds the perceived differences between foreign- and local owned factories to be ambiguous. The expert in employer relations perceives compliance with labor standards to be generally lower in locally owned factories than in foreign factories,

“Myanmar businesses are not good at management, HR, investment decisions, and business in general”. This, he argues, translates into unclear business practices, and hence low levels of compliance to internationally set labor standards. The representative from WRC counters this notion of foreign owned factories being more compliant to labor rights, and finds that many of the foreign actors conducting business in Myanmar do so with the sole purpose of extracting maximum profits from the low wages they can get away with paying. Hence he argues that bad working conditions and low levels of labor rights compliance can also be found here, this including forced overtime, minimum wage violations and restrictions on toilet breaks.

The representative from the MSC states that it is difficult to distinguish labor rights compliance between foreign and local firms, as there is bound to exist both good and bad faith of employers on either side. However, he points out that one should assume that foreign owned firms, who in general are found to supply international brands operating in Myanmar to a larger degree than local factories, will be more aware of ILO standards and procedures than the local factory owners. Hence, they may be more knowledgeable regarding enabling rights such as collective bargaining, whereas local managers might be less understanding. “For instance, H&M suppliers know a lot about collective bargaining and unions. If they go against unions, there is a reason behind it, and they have a strategy on how to do it. Myanmar employers know less, may also be more open minded, but they won´t have the same level of sophistication in fighting the unions” (Interviewee A). The ambiguity related to the difference in social upgrading in foreign and local factories is supported by the researcher at SOMO, who does not perceive any notable differences between the two.

Key findings - Impacts of foreign ownership

Our data presents strong evidence that the structure of the Myanmar garment industry is influenced by international sourcing in terms of increased foreign ownership. This increased foreign ownership adds to the complexities of the industry structure, due to an increased number of actors within the value chain and issues of locating responsibility, amplifying the difficulties labor unions encounter in identifying accountable levels of management.

Findings display ambiguous results regarding processes of social upgrading in foreign and local factories, and does not show any clear trends of improvements in workers' rights and entitlements in either local or foreign owned factories. In terms of measurable rights such as wages, our data finds that foreign owned factories generally have better access to financing, and are bigger by scale and scope, hence can afford to pay minimum wage, whereas local factories are found to be struggling with this development, and are being pushed out of business. When it comes to enabling rights, and the ability of labor unions to advocate improvements for workers' rights, our data suggests that foreign owned firms' generally have more experience and knowledge regarding rights such as collective bargaining and freedom of association. However, our data does not show any clear indication that foreign owned firms execute these rights better than local firms.

5.2.3 Capability, knowledge and responsibility gaps

A common theme in our data is the notion of gaps of capability, knowledge and responsibility between social, private and public actors in the garment industry in Myanmar. With the contextual aspects outlined, displaying the more systemic barriers for actors to understand each other, we now turn to the dynamic influence international sourcing has on these relationships. Applying the perspective of social upgrading as improving the rights and entitlements of workers, this section analyzes the challenges and impediments for such a process to take place within the garment industry in Myanmar (Rossi, 2011). The PRR framework will be used to analyze the allocation of relationship for labor rights between actors and how this is influenced by international sourcing. With labor unions being the focal point of our research, we focus on their influence, and how they in turn are influenced, in such a process. More specifically this section examine how actors' knowledge and capabilities affect their ability to contribute to a process of social upgrading.

Limited capability of improving worker's rights and entitlements

The contextual analysis of Myanmar and the garment industry repeatedly directs attention to interviewees perception of a lacking knowledge and experience amongst key governance actors (Interviewee A, B, D, E, G, H). As presented in the first section of the analysis, complexities in the enabling environment in Myanmar create impediments for finding consensus on the role of actors and their motivations. According to GPN theory, the

location-specific circumstances in Myanmar condition how participation in the global market and international sourcing influences society and as such the possibility for social upgrading (Coe et al., 2008).

Opening up to the US and EU, and as such to increased participation in global trade and GPNs, has increased the Myanmar garment industry's exposure to competitive forces (Interviewee A, E). This has consequences for the local actors, putting pressure on their learning capabilities in terms of handling international, multi-stakeholder relations (Interviewee B). As such, international sourcing is perceived to amplify the distinction between actors who possess superior learning capabilities, or previously gained knowledge of operating in the global market space, and those who do not. Our interviewees perceive this to be the case for both labor unions and employers in the garment industry (Interviewee A, B, D, G). This creates a separation between actors who may more easily capture gains from increased global production and international sourcing, and those who struggle to adapt to the global stakeholder arena. "The only people who can really compete here are those who are internationally savvy", the founder of Business Kind says in relation to who may benefit from international sourcing in Myanmar. This is in line with Rossi's (2011) arguments that different actors may have radically different upgrading opportunities, and that social upgrading and downgrading may occur simultaneously for different types of workers. In Myanmar's garment industry this appears to be true at an organizational level, as the independent consultant explains; "I would say it's a combination of a race to the bottom and a social upgrade happening simultaneously in different aspects". This implies that whilst some labor unions and businesses may leverage participation in global production to a process of social upgrading, other labor unions and businesses may become entangled in a process of social downgrading.

Implications of actors' inadequate knowledge

Participation in the global market has also lead to an increased number of actors looking to govern, and pose demands on, the local market, which involves increased pressure on the judicial and institutional system of handling and regulating businesses activities (Interviewee A, E, G, H). The recurrent discussion by our interviewees around the importance of Myanmar's legal system provides evidence for the specific emphasis the GPN concept of

social embeddedness places on the legal framework, as shaping firm's strategies, priorities and development within the local context (Henderson et al., 2002). Hence the legal system frames how international sourcing may contribute to a process of social upgrading.

The expert in employer relations explains that administrative legislation relating to businesses is not always published, and that legislation is drafted without practical considerations, creating opportunities for corruption and information gaps. This is supported by the independent consultant, who perceives there to be unclear legislation and contradictory communication from governmental departments, creating impediments for businesses to contribute to enhancing workers' rights by complying with national legislation. Coupled with a lack of tradition and routine of private-public cooperation and interaction (Interviewee E, G, H), this creates a knowledge gap between legislation-forming government departments and businesses in Myanmar. This contradicts the direction of social upgrading as being a process where knowledge is gained and shared across actors (Henderson et al., 2002). The recent increased exposure to global market forces is as such perceived to amplify the consequences of the existing shortcomings of institutional structure and legal system in Myanmar.

The notion of a knowledge gap is not solely felt in the interaction with laws and legislations, but also between labor unions and employers. Lack of knowledge and understanding of how to operate under a tripartite system lead to misaligned perceptions of motives and agendas between employers and labor unions (Interviewee A, G, H). The representative from WRC states that "The main challenges are the lack of knowledge amongst the key stakeholders". Thus, the weak and few relations between actors displays limited local embeddedness of global production in the Myanmar garment industry (Henderson et al., 2002). This is coherent with the notion of a tension between social and commercial embeddedness as hindering social upgrading from taking place, where firm's struggle to incorporate the wider view of workers as social actors (Rossi, 2011).

With the global garment industry being geographically dispersed at multiple stages of the supply chain, this makes the nature of local embeddedness complex (Coe et al., 2008). The knowledge gap between labor unions and employers in Myanmar further add to the

complexity for firms to be simultaneously embedded in the local context and the global network of production. GPN theory views the relationship between local embeddedness and the global network as reciprocal (Henderson et al., 2002). As such, the network approach recognizes that as a firm's level of competence is in part driven by location-specific factors, and by interacting with the local environment, it will affect a firm's ability to gain competencies and influence in the GPN (Coe et al., 2008). This is supported by our interviewees who perceive a lack of interaction and understanding between employers, local actors and institutions such as labor unions, to create impediments for global garment production to be locally embedded, distancing international brands and buyers from the local context (Interviewee A, E, G, H). As such, Myanmar labor unions' ability to influence the production network in the garment industry, and to be perceived as governance actors as well as international brands ability to understand the local context and contribute to a process of social upgrading, becomes limited.

Issues of allocating responsibility for labor rights

A key aspect of discussion amongst our interviewees with regard to improving workers' rights and entitlements is who is responsible for driving such a process, and also who has the power to inaugurate it. Our findings show that the actor perceived to be responsible is not always perceived to be the one with the power to fulfil this responsibility (Interviewee A, B, C, D, E, G, H). As such, the ambiguity of allocation of responsibility for labor rights within the garment industry in Myanmar is an illustration of the practical complexities of the PRR framework and new governance theory (Ruggie, 2014). The PRR framework proposes a structure of integrated responsibility for human rights across nation-states and businesses as a way of bridging the governance gap created by globalization (Ruggie, 2013).

The issue of a governance gap in the government's capacity to manage consequences of multinationals and global production, is confirmed by our interviewees (Interviewee A, B, C, D, E, G). The representative from the MSC states that "Codes of conduct do not replace laws, governments have responsibilities", lending support to criticism of the PRR framework in situations where governments lack or fail in their responsibility to protect human rights, risking businesses' responsibility to be limited to their own moral commitment (Fasterling & Demuijnck, 2013). This is further sustained by the representative from WRC, who perceives

international brands to liaise with large NGOs and programs of certifications, instead of actively engaging in improving conditions and enforce consequences for suppliers violating labor rights. He states that international brands "..are happy to sit back while employers are dismissing union leaders and let the workers take the complaints through the slow and unjust legal system". This relates to social upgrading as being divided into measurable standards and enabling rights, with measurable standards being seen as an outcome of bargaining processes framed by enabling rights (Barrientos et al., 2011). The inability of the legal system in Myanmar to adequately enable bargaining processes between employer and labor unions thus hampers improvements of measurable standards.

The fact that measurable standards can be seen as an outcome of enabling rights, highlights the importance of businesses' responsibility for respecting freedom of association and labor unions. Previous research has found both positive and negative effects of international sourcing on freedom of association (Neumeyer & Soysa, 2005; Mosley&Uno, 2007; Busse, 2004). Our interviewees perceive international brands to have a role in affecting factories and their relation to workers via commercial pressure within the supply chain (Interviewee A, B, E, G, H). However, there is a lack of consensus on the direction of this relationship, and the influence of international brands is perceived to be too complex to simply be categorized as either positive or negative (Rossi, 2011).

To what extent, and how, international brands use their influence to respect enabling rights, is a complex issue, highlighting the critique of the PRR framework as lacking clarification as to how the framework is to be operationalized in practice (Gallhofer, Haslam & van der Walt, 2011; McCorquodale, 2009; Fasterling & Demuijnck, 2013). Arguments put forward by the representative from the MSC adheres to the practical problems of the framework in regards to how much leverage an individual brand might actually have in affecting enabling rights at a local level, as suppliers often source from the same factory on behalf of multiple brands. The independent consultant supports this notion of varying degrees of responsibility taken by international brands, perceiving it to be dependent on the strategical importance of Myanmar within the companies supply chains. This is contrasted with the independent consultant's perception of brands approach to workers in Myanmar; "Let's put it this way, if

you are going to come here, you are going to invest more than elsewhere, so if you come, you have to do it right". This is in line with GPN theory's notion of a trade-off between local considerations and global efficiency, influencing the role international brands have in interacting with actors in the local context of the Myanmar garment industry (Henderson et al., 2002). However, several interviewees point to the general structure of the garment industry and buying policies as a key determinant in the role of international brands (Interviewee A, D, E, F, H). "Some brands have more motivation to be socially responsible than others… But even with better behaved brands, the whole system is rigged so that it continues to create problems" (Interviewee A).

Another aspect of assigning responsibility for enabling rights is the time frame. Measureable standards can, as evident by the name, be quantifiable and their development be tracked overtime in order to see whether there has been an improvement or a decline (Barrientos et al., 2011). Enabling rights are on the other hand less quantifiable and, as such, more difficult to categories in terms of performance in compliance. In 2012 it was still illegal to be a member of a labor union, which has since measurably changed (SOMO, 2017). But the relatively short time that has passed since introducing freedom of association again is perceived to at times be forgotten in the discussion of responsibility designation (Interviewee B, G). "You can't just turn a switch and then have human rights compliance all of a sudden" (Interviewee A). This concerns the discussion of human rights as perfect moral duties, and that assigning non-legally binding responsibility to businesses creates a gap of interpretation allowing human rights to be measured as degree of compliance instead of an absolute value (Fasterling & Demuijnck, 2013). Our data suggests that the gap of interpretation stretches to include not only businesses and international brands, but also public institutions and labor unions. However, there is also a notion of increased international sourcing as a positive force in bridging interpretational gaps of human rights, as international sourcing has increased the size of the garment industry in Myanmar and gained attention to labor issues from the western society (Interviewee H). Consequently, a number of international civil society organizations has established a presence in the country, taking on a mission to educate and inform employers and employees on international labor laws and standards (Interviewee A, B, G, H). As such there is some support for the PRR

framework's prescribed mechanism of "courts of public opinion" in addressing businesses failures to adequately respecting human rights.

Key findings - Gaps of capability, knowledge and responsibility

Throughout the analysis there has been a recurring notion of gaps of understanding between both public, private and social actors in the Myanmar garment industry, creating impediments for labor unions ability and opportunity to act in their role as advocates for workers' rights. In regards to how international sourcing affects the context in Myanmar, our findings show consensus in the perception of increased international sourcing, putting pressure on Myanmar's legal system and actors who are generally inexperienced in participating in global markets. International sourcing is perceived to amplify existing differences in capabilities and knowledge relating to both global production standards but also to multi-stakeholder interaction in a tripartism system. However, in assigning responsibility for a process of enhancing workers' enabling rights, our data merely finds consensus as to the complexity of finding a clear connection between international sourcing and improvements, or a decline of such a process in Myanmar's garment industry.

Discussion

6. Discussion

In the prior chapter, empirical findings were presented and analyzed with the purpose of answering the research question. The purpose of the first part of this discussion is to reflect on and discuss the main findings from the preceding analysis, and critically discuss the answers this study has found to the research question. The aim of this section is to connect the main findings and elaborate on the grand themes conveyed by our data. In the second part of our discussion we further discuss the critical aspects of our chosen methodology and analytical framework, focusing on the methodological implications of our findings.

6.1 Discussion of empirical findings

This section discusses the empirical findings in relation to the grander issues of this research question: allocation of responsibility, the role of labor unions and and globalization. We discuss the wider implications of our research by connecting key findings from the five themes of the analysis, aiming to elevate the discussion of the case of Myanmar to what it contributes to the debate about the relationship between increased international sourcing and labor unions' ability to advocate and improve workers' rights and entitlements.

6.1.1 The blame game

Following the development of globalization, we are presented with an increasing amount of media coverage on the unfairness and inequalities in the developing world. Recent articles in Business Insider, among others, have expressed that if brands were to raise the price of their garments by only a fraction, worker's wages and working conditions in developing countries would improve (Pechter, 2017). However, this perspective tends to focus on the responsibility of international brands, sometimes disregarding other stakeholders and the complexities of both industry characteristics and location specific factors that may be impeding actors from taking, what then appears to be, straightforward actions.

It may be tempting to resort to assigning responsibility to one key actor to be held accountable for labor issues in the garment industry. However, this thesis has aimed to create an understanding for how complex and intertwined the context of labor issues are. As

such, the idea that one actor is the 'bad guy', and all that has to be done is to identify which one, will not contribute to any sustainable solutions, but merely result in a blame game of pointing fingers. For global production networks to function efficiently, and be the force of development that much policy assumes it can be, actors need to cooperate, not engage in defending themselves or blaming each other (Coe et al., 2002).

What would such a blame game look like in the case of Myanmar? If we identify the Myanmar government as the key responsible actor, then they should be held accountable for all actions by international brands and foreign investors, who may also choose to source from any other textile-producing country, whilst at the same time creating development and economic growth for Myanmar. This, whilst operating in a new, democratic system of government and having limited previous knowledge of participation in the global market. Similarly, if all blame is pushed on to international brands, they should take on an active role of protecting and safeguarding labor rights in a foreign country with an underdeveloped social welfare system. It would also entail exerting power over all their suppliers, who may be engaged in several network structures with other international brands, as such extending their responsibilities to an industry level. Labor unions however, whilst not being spared from blame of provoking conflict and acting on merely political grounds, are often disregarded as an actor in resolving labor issues on this scale of global production. If the blame game of responsibility includes labor unions, they should engage with all private actors whose operations have consequences for labor issues in Myanmar. This may include actors located in a foreign country with little transparency as to who they are, and they should also be responsible for driving a process of institutionalizing labor standards in national legislation. This without the support of institutional legal frameworks for these types of negotiations nor the competence for driving such communications in a global market.

Simplifying the responsibility of labor issues to a single actor shows the limitations of an individual actor to fully adhere to such responsibility. In solely blaming international brands for not acting responsibly, we risk neglecting the role of the government and labor unions, and how their responsibilities are interdependent. At the same time we need to be wary of

the limited reach and capacity of local actors, even for large institutions like the government. Although conceptual frameworks such as the PRR-framework provide an important structure for understanding how the roles of different actors relate to each other, it does not provide a blueprint of how responsibility should be operationalized in practice (Gallhofer, Haslam & van der Walt, 2011; McCorquodale, 2009; Fasterling & Demuijnck, 2013). As such we risk creating a hierarchy of responsibility, prioritizing a simplification of idealistic roles over the recognition of realistic limitations and interdependencies.

This is one of the main challenges for the Myanmar garment industry at this stage, the question of who will drive the improvement process of labor rights, and how. Such a process requires actors not ending up in a blame game, but instead working towards cooperation which is necessary when global market forces have local consequences. This is not a one-time hunt for the bad guy, but rather a complex and continuous tension between grand issues of labor rights, and the practical limitations of individual actors in the Myanmar context.

In discussions of assigning responsibility for labor rights, another important consideration is the specific characteristics of the global garment industry and the pressures created by fast fashion. The continuous shift of production to countries with the lowest costs, follows demand, starting with the end consumer. The character of the garment industry, especially CMP production, as being labor intensive and otherwise relatively independent on natural resources makes it particularly mobile in relation to other industries. Hence there is a possibility that if conditions improve in Myanmar, production costs may increase and production can be moved elsewhere, taking jobs away from Myanmar garment workers and exploiting low costs elsewhere. As such, the garment industry in itself creates challenges and impediments for improvement of labor rights, creating an unstable context for collaboration between private, public and social actors. This illustrates the extent of the issue at hand. In discussions of accountability and responsibility, it is important to remember that if changes are to be made to improve enabling rights and working conditions in Myanmar, changes must be made not only by international brands, but at an industry and nation-wide level.

6.1.2 Labor unions as change agents

In our eagerness to assign responsibility to a specific actor, it appears that the western society's perception of the role of labor unions may hinder the idea of labor unions as a possible change agent in developing countries like Myanmar. The case of Rasmussen vs Denmark mentioned in the literature review, exemplifies how institutionalized labor unions are in the western world, that there may be a court case for workers who do not wish to be part of a union. Freedom of association has been positively institutionalized in our western society, to the degree that we are now debating the negative right to this freedom. This perception of freedom of association cannot be projected onto a developing context like Myanmar. For us in a developed context of social security and relatively high prosperity, we have the luxury of viewing labor unions as an option to voice our rights, rights that in some countries are also highly regulated by national legislation. In this context, it may be easy to reduce the role of labor unions to politics.

Not to say that labor unions in Myanmar are not politicized, our data displays polarization of unions and the continued operation of unions in exile was very much a political statement. However, a key aspect of the context in Myanmar mapped out in this thesis is the confusion and inadequacy of the legal system in providing a framework for interaction and protection between employers and employees. As shown in the analysis, it also features local structural and cultural impediments for Myanmar garment workers to exercise their freedom of association. Hence, the context that the Myanmar labor unions operate in is not as juridically advanced, nor is it as structurally stable, as the context that their western counterparts operate in.

This may seem rather obvious, that the context in Myanmar is not as developed in terms of labor union operations as, for example, European countries. But what does not appear to be as obvious is that in recognizing this discrepancy between the context of labor unions in Myanmar and the context of western unions, we must also recognize the difference in what the role of these labor unions are. Yes, labor unions in Myanmar may be as equally politicized, but because of the context they are operating in their role should not be reduced to politics. Coming out of a history of military dictatorship, with a complex legal system, no culture of negotiating with authority, and a system of women workers supporting their

families with their wages, the context of Myanmar provides little of the options and social security that support western workers in voicing their rights. Thus, the role of labor unions in Myanmar is to be the voice of workers in driving a process of change in labor rights and advocating workers interest towards other stakeholders. However, stating that this is the role of labor unions in Myanmar does not necessarily mean that they operate in this role, in the same sense as stating that the responsibility of the government is to protect human rights does not mean that they always adhere to this responsibility. As such, the role of labor unions in the context of Myanmar should be seen, not as separated from, but as different from that of labor unions in a western context.

6.1.3 A clean slate?

The case of Myanmar presents the local context as a lens for understanding the ability for public, private and social actors to act in their roles, but also as a determinant as to what their respective roles may be. In Myanmar, labor unions, although they have existed before, are in the context of exposure to global businesses, a new institution and stakeholder in the Myanmar society. The country's previous partial isolation also means that Myanmar is a new market for global business. In this sense, it may be tempting to refer to Myanmar as an opportunity to start on a clean slate in terms of improving worker's rights and entitlements in the garment industry. However, a key finding in the case of Myanmar is the recurring reference to the importance of the country's history in shaping the context in which labor unions operate. Tripartism, and the inclusion of labor unions as a key stakeholder in public-private relationships, was not a structure that society simply chose to adapt (Croucher & Wood, 2015). Rather its emergence was a process of compromise, framed by historic factors and events which seem to somewhat have been forgotten in the modern discourse of stakeholder responsibility for labor rights. The identified knowledge, capability and responsibility gaps between private, public and social actors in the Myanmar context demonstrates the historical inexperience of all actors in operating in a tripartism system, and how this impedes efforts of cooperation. As such, the fact that Myanmar is a relatively new participant on the global garment sourcing scene should not be confused with the idea that Myanmar is starting on a clean slate.

Re-inviting labor unions and opening up for more global trade may seem like an opportunity for Myanmar to learn from other developing countries' mistakes on how to manage labor issues in an international sourcing context, but it also entails an increased vulnerability. A vulnerability in terms of elevated expectations of the recent turn to democracy to create inclusive growth and freedom, and expectations of international trade and sourcing to provide access to jobs and prosperity. Another vulnerability concerns the dual forces of a new system of government and increased exposure to the global market, polarizing actors between those with experience and capabilities of operating in such an environment, and those without. This is clearly shown by our data to be the case for both labor unions and factories, where previous experience and capabilities give both a competitive and perceptional advantage in relation to other stakeholders.

The idea of the Myanmar garment industry starting on a clean slate is with the removal of the sanctions also simply incorrect, and a dangerous misconception. Although Myanmar has been excluded from trade with the US and Europe, two of the world's largest markets, the country has not been closed off from trade with other countries such as China, Japan and Korea. The Myanmar garment industry has been exporting and producing for its neighboring countries while under sanctions for other markets, and as such these links and associated factories have been able to gain capabilities and has established networks for exporting garments. It's important to keep in mind that the increased sourcing by international brands has been facilitated, not by brands directly going into Myanmar and acquiring factories, but, as is the way of the industry, via links of suppliers in China, Japan, Korea. As such, the idea of Myanmar being a new market is only true in the sense that it is a new market for international garment brands from the US and Europe who are now seeing their production networks increase sourcing from Myanmar. Neither the government, who has inherited a crippled infrastructure, a confused legal system and issues of minority persecution, nor labor unions, who have previously operated in the country but are now characterized as either having been exiled or non-exiled, can be seen as starting off on a clean slate.

The only actor who could be seen as having the possibility to start on a clean slate in Myanmar would be the international brands, for whom the lifting of the sanctions entailed a

new market to source from, and a choice of how to direct their power. Yet, the garment industry and the constant search for low prices, is structured so that the main priorities of international brands will never be to improve workers' rights and entitlements. This, we argue, illustrates the importance of labor unions in the Myanmar garment industry, as their main priority is to voice worker's rights. However, as discussed previously, their lacking capabilities and support in terms of laws and institutions creates a void between labor unions ability to, and the need for, driving improvement in worker's rights and entitlements. As such, the case of Myanmar presents labor unions as having a large potential role as change agents for labor rights in the garment industry. On the basis of our findings, we believe that in order to fulfill this role, labor unions need recognition as representatives for workers' rights, and support in gaining capabilities and knowledge of how to adequately function as change agents. International brands who want to contribute to a genuine change and improvement in labor issues in the garment industry, beyond what may be presented in a 30 second ad, would do right in supporting labor unions in gaining such capabilities.

6.2 Discussion of methodological approach

Where the methodology chapter presents motivations and reasoning for our chosen research approach, this section aims to discuss the implications this has had for the findings and scope of our analysis. As such, this section critically discusses our research approach, philosophy of science, analytical framework and the generalizability of our results in retrospect, reexamining the considerations taken during the research process.

6.2.1 Research process

The exploratory approach undertaken in our research proved useful to our data collection and analysis, as it presented us with many new insights in a relatively unexplored field of research. In combination with our choice of semi-structured interviews, this allowed us to uncover topics and issues within the industry in which we were not aware prior to our data collection. This also lead us to continuously undertake small adjustments to our interview guides as we got new insights, which ultimately resulted in a richer data collection as we moved on in the interview process. Our first interviews may therefore not be as insightful as

the last ones conducted, which may have impacted our findings as we as interviewers may have had more competence in directing the interviewees later in the process. We tried to compensate for this by interviewing our first interviewee twice, using an updated interview guide, to drill deeper into issues that had previously been unanswered. Also, our second interviewee was given the opportunity to give more specific answers to some of the questions via email. Ideally, with more background research conducted prior to our field trip, some of these insights could have been uncovered sooner, resulting in even richer data earlier on in the process. However, this is speculative, and within the timeframe and available resources for this thesis, leaving for Myanmar so early on in the process was the only viable option. We believe that the data collected on our field trip contributes to a nuanced perspective on the research question, otherwise unattainable. All of our interviewees were very willing to share their insights and thoughts with us and, with the exception of one interview where the language barrier demanded so, required exceptionally little direction in order to keep the conversation going in a relevant direction. As such, our initially lesser knowledge of the topic, relative to later on in the research process, was minimized.

6.2.2 Data Quality

A key discussion point in relation to our findings is the projection of a western perspective of the role of labor unions influencing labor unions ability to act as change agents in Myanmar. It is as such important to point out the biases of the western perspectives of our interviewees that may have influenced our findings, as only one interviewee was a native to Myanmar. It does not necessarily reduce the viability of the findings, as all interviewees live, or have recently spent extensive amount of time, in Myanmar and are specialists within the Myanmar context and labor rights. However, it does require an awareness that our findings, the perceptions and perspectives presented by our interviewees, are, in great majority, inherently western in their origin.

The main weakness of our data is the lack of labor union leaders and members represented as interveiwees. With the focus of the research question being on the context in which labor unions operate, it would be of great relevance to interview union leaders in order to gather their perception on their own role in this context. We did reach out to the main labor unions

in Myanmar, who unfortunately did not have the opportunity to engage in interviews but did refer us to other organizations supporting their cause who we did interview. The lack of resources for an interpreter limited the possibilities of interviewing union leaders of smaller unions, or workers representatives in factories. Additionally, although legal in Myanmar's democratic system, labor union participation, especially leadership of unions, can still be grounds for harassment or dismissal from work, and the housing areas for workers are gated and guarded. As such we were advised cautiousness as to not jeopardize union leaders' privacy and security, a responsibility we found to be beyond our capabilities as first-time field researchers, and thus refrained from pursuing interviews with leaders of smaller unions . We also believe that interviewing representatives for organizations who act as supporters or intermediaries, researchers and consultants in labor rights and labor union issues, gave a balance to our findings, as interviewees could often present arguments from multiple points of view and could provide a nuanced perspective of the different actors.

6.2.3 Analytical framework

As business scholars we often assume the perception of the firm or the market when analyzing change or development in developing countries. The concepts used in the thesis are by no means an exception, with both GPN, GVC and social upgrading theories displaying a business-centered perspective on how global businesses interact with and affect other actors in developing countries. In analyzing the garment industry and the vertical relationships within global production networks, GPN and GVC theories are well fitted for this task (Coe et al., 2008; Gereffi & Lee, 2014; Henderson et al., 2002). However, in extending the analysis to the concept of horizontal governance and social embeddedness, they include a view of social governance and workers as social actors, merely in relation to how they may influence global businesses operations. As such, the concept of governance within GPN and GVC theory is as derived from a business-centric view, not incorporating how businesses in turn may affect other governance actors in a wider sense.

Recognizing the limitations of GVC and GPN theory in addressing businesses responsibility for labor rights, the PRR framework was chosen to complement this. However, the PRR framework focuses on the responsibilities of businesses and governments for human rights, and does not explicitly include the role of labor unions or other social actors (Ruggie, 2009).

And although social upgrading theory concerns “improvements in the rights and entitlements of workers as social actors by enhancing the quality of their employment”, it does not include labor unions as an actor in facilitating or driving such a process (Rossi, 2011). As such, the chosen theories for analyzing our findings in relation to our research question provides a good analytical framework for understanding how industry characteristics, ownership structure and location specific factors influence the context of Myanmar, but lacks a focus on the role of labor unions within this context. We struggled to find an analytical framework for analyzing the relationship between labor unions and businesses that does not solely focus on the costs or benefits of union membership for businesses. This lack of theoretical inclusion of labor unions as a representation of workers’ rights, we argue, is mirrored in an equally lacking empirical perception of labor unions as change agents in developing countries like Myanmar.

Generally throughout this research process, the importance of understanding the development of the role of labor unions has become increasingly apparent. A revised analytical framework could potentially gain focus, by inclusion of a legal perspective, on labor unions and their role in relation to the business and human rights discourse. Approaching the research question with a legal method could also provide a better framework for analyzing the role of government as a stakeholder on labor rights, especially in light of our findings of the implications of national labor law and legislative history on cooperation between actors (Buhman, 2015). However, the importance of the legal framework, and the perspective on the role of labor unions, was not evident before the collection of our data, with our initial focus being on the implications of the lifting of the sanctions and the appurtenant increase of international sourcing. Furthermore, our area of expertise as business scholars does not include specific legal analyses, which is why the focus of this analysis remains centered around the role of labor unions in a stakeholder and network perspective.

6.2.4 Generalizability

It may be relevant to discuss to what extent the findings of this study can be applicable in other settings and countries. In accordance with the social constructivist philosophy, the interviews conducted simply produce one representation of a certain individual’s view or

opinion. Although this was helpful in providing an in-depth insight of the context in study, this limits the study's ability to produce generalizable results as the findings are biased by the respondents' subjective understanding of the world. As such, it is not possible to generalize the findings to include other socio-economic or socio-cultural contexts, nor was this the intention of this study. Additionally, our findings are, in line with our research question and the exploratory nature of this thesis, embedded in the context of the Myanmar garment industry and are as such largely centered on location specific factors. However, our research question is twofold. Where the context can be argued to be location specific, and hence limited in its generalizability, our findings concerning the structure of the industry and its influence, could be argued to be potentially applicable to other countries, or at least serve as a basis for future research connecting globalization and labor unions.

Conclusion

7. Conclusion

This thesis has aimed to explore the complex interface of global business and local labor conditions. With Myanmar's relatively recent political liberalization, and the appurtenant lifting of the trade sanctions by the US and EU, the country was deemed an opportune context for researching the relationship between global forces and local consequences. With the garment industry being one of the country's largest export industries, and sometimes claimed to be the route out of poverty for developing countries, the industry serves as a frame for studying global business operations' influence on the Myanmar context (WRC, 2013). We identified the notion of labor unions as change agents for workers' rights to be an unexplored area in relation to global business operations. The concept of enabling rights driving improvements in measurable rights further supported the notion of labor unions as a unit for research.

Our overall research question is twofold: what constitutes the context in which labor unions operate in the Myanmar garment industry; and how does increased international sourcing influence the role of labor unions in Myanmar? In answering the first part of the research question we find two factors to be the most prominent in shaping the context. Firstly, the historical legacy of military dictatorship has left structural impacts on the current context that labor unions operate in. The infrastructure and legal system constitute practical remnants, but also the cultural in-habit of negotiating with authorities. Secondly, we identify a knowledge and capability gap for private, public and social actors in operating in a tripartite system. The lack of knowledge and capability, we argue, constitutes important location specific factors shaping the context, rather than being an outcome of increased international sourcing.

For the second part of the research question our findings show the significance of the specific industry in governing how global business operations influence local contexts. We find that the structure of the garment industry, being highly dispersed in terms of production, with downward pressures of lead times and flexibility stemming from lead firms, influences the ability of labor unions to act in their role as change agents for labor rights. Also, the more structural aspects such as being mobile in the search for low prices,

employing dominantly women workers and sourcing mainly via foreign owned factories, impacts the ability for workers to partake in unions, as well as unions ability to engage with liable commercial actors. The influence of international sourcing in the context of Myanmar is, as such, defined by the structure of the garment industry.

We further find that international sourcing in the garment industry influences the role of labor unions by giving increased attention and complexity to the issue of assigning responsibility for labor rights in Myanmar. Increased international sourcing increases the pressure, operational wise as well as attention wise, of allocating responsibility for labor rights across international brands, factories, suppliers, government and labor unions. The incapacity of the legal system to frame the allocation of responsibility of labor rights, coupled with actors having misaligned perceptions of each other's roles, creates confusion and frustration in the interaction between private, public and social actors. Again, the garment industry's structure is found to be a determinant factor in both ability and willingness of actors to take responsibility of, but also to add, issues of transparency in terms of which actors could, and should, be responsible. As such, the case of Myanmar's garment industry illustrates the practical complexities of operationalizing the PRR framework. We argue that eagerness to simplify responsibility of labor rights to a specific actor, and the idea of being able to arrange responsibilities in a hierarchy, does not contribute to a process of improving labor rights.

In the era of globalization, there are tensions between the local and the global, between cause and consequence, evident in politics, culture, as well as in business operations. The aim of this thesis has been to explore this tension using the case of Myanmar's garment industry, to create an understanding of the complex context in which labor unions and global businesses interact. Exploration of the effects of globalization has sometimes driven research into the "either or"-zone, where globalization and its very diverse metrics is deemed either as a positive or negative force in supporting development of labor rights (Barrientos et al, 2011, Mosley & Uno, 2007; Milberg & Winkler, 2011; Olney, 2013; Neumeyer & Soysa, 2006). The research question of this thesis may have created similar expectations of delivering a predominantly positive or negative answer to how globalization

affects the garment industry in Myanmar. However, the core of our findings clearly shows, not just the inability, but also the inconsequence of formulating such an inference. Naturally, there is an undeniable importance of tracking the consequences of the diverse expressions of globalization on developing countries labor rights and understanding under which conditions these may be negatively or positively affected. But in seeking this type of answer, we risk simplifying labor rights to measurable outcomes, detaching them from the historical and social circumstances in which they are to be operationalized.

The case of Myanmar presented in this thesis draws attention to perceptions of the involved entities that cannot, and should not, be separated from their social, historical and political context. In answering our research question, we aspire to contribute to research that seeks to explore the complexities and contextuality of issues of labor rights in a global market. We conclude that participation in global production networks in the Myanmar garment industry influences the context of labor unions by increasing the complexity of allocating responsibility for improving labor rights between actors, and is conditioned by the pressures created by the structure of the industry and location-specific factors.

Limitations and Future Research

8. Limitations and Future Research

This section accounts for factors that limit the premises of how this study has been conducted. Furthermore, it presents how our findings create a foundation for further research, and outlines relevant topics to be further explored.

8.1 Limitations

There exist several limitations of this thesis that need to be accounted for and considered. A main limitation for this study, which has affected both the execution of our research and the quality of our findings, has been our limited access to resources of both time and money. What we have aimed to do, acknowledging our limitations, is to create a well-balanced overview of the research question at hand, hoping that it can function as a valuable foundation for other researchers to expand on. However, with more time and money, our field trip could have been extended, allowing us to talk to more actors. Local union members and leaders, in addition to factory owners, would be of particular interest to this study and could contribute supplementary perspectives to the realities perceived by our interviewees.

The study is also limited in terms of sample size, typically the case for studies of exploratory design. Although it is argued that small sample sizes in explorative studies can increase in-depth knowledge on a subject, we acknowledge that a larger sample size could provide a more comprehensive and representative picture of the context. As such, future studies could achieve a more exhaustive understanding by increasing the sample size.

8.2 Future research

The exploratory research design of this thesis contributes a rich premise for future research. It provided us with an opportunity to explore and map out the broader issues of the context in which labor unions operate, but diving deeper into the specific issues exposed remains outside the scope of this paper. In alignment with the research gap presented in chapter 2, particularly the scarcity of qualitative research on globalization and labor unions, future

research should therefore, in depth, continue to explore the underlying factors of the issues presented in this thesis.

In mapping out the main contextual issues for labor unions operating in the Myanmar garment industry, this thesis displays a deficiency of knowledge, capabilities and collaboration in and between private, public and social actors, impeding a functioning system of tripartism and leading to misaligned perceptions of motives and agendas. Where we argue that these gaps need to be filled in order for labor unions to function in their role as change agents, and that this requires collaboration, we do not address the specifics of such relationships.

Thus, future research should seek to map out the contact points between actors, aiming to create a comprehensive framework of how labor unions, businesses and governments in developing countries interact in a process of improving labor rights. Such a framework should preferably depart from identifying the motivations of the different actors, in order to establish areas of common interests to facilitate collaboration, and areas of conflict, potentially creating responsibility gaps. Applying this to a case setting in order to identify the specific nature of communication between each actor, could allow for identification of what capabilities need to be gained to facilitate cooperation. As such, this could provide a blueprint for how to improve incorporation of labor unions as change agents for improving workers' rights, and how governments and businesses may support such as process.

Lastly, an interesting finding, although slightly outside the scope of this thesis, is the cultural and feminist perspective on labor union participation that emerged during our research. This thesis found that the gender composition of the garment industry can impact workers' ability to form and join unions, due to feminist perceptions of garment manufacturing being a "supplementary" job, and a cultural lack of freedom for women. As such, future research could benefit from a special focus on the socio-cultural and gender-specific aspects of the context in which labor unions operate.

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11. References

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